

Minneapolis Trends

A Quarterly Overview of Socioeconomic & Housing Trends in Minneapolis



second quarter 2014



City of Minneapolis
Department of Community Planning
& Economic Development - CPED

Vol. 12 No. 2

2014

Highlights for the second quarter of 2014

	2Q-14	change from	
		1Q-14	2Q-13
Labor force	219,885 residents	▲	▲
Residents employed	207,067	▲	▲
Unemployment rate	4.3%	▼	▼
New residential permitted units	811 units	▲	▲
Permitted residential conversions, remodels and additions	175 buildings \$ 41.1 million	▲	▲
Permitted non-residential conversions, remodels and additions	189 buildings \$ 83.6 million	▲	▲
Residential units demolished	56 units	▲	▲
Rental vacancy rate	3.5 %	▲	▲
Average rent in inflation-adjusted dollars	\$ 1,118	▲	▲
Residential units sold			
Traditional	1,417 units	▲	▲
Lender-mediated	218 units	▼	▼
Median sale price of residential units			
Traditional	\$ 233,000	▲	▲
Lender-mediated	\$ 115,000	▲	▲
Foreclosures	143	▼	▼
Condemned and vacant buildings	583	▼	▼
Minneapolis CBD office vacancy rate	15.3 %	▼	▼
Minneapolis CBD retail vacancy rate	11%	▲	▼

Highlights for the fourth quarter of 2013 – Jobs and wages

	4Q-13	3Q-13	4Q-13
Number of jobs	305,655 employees	▲	▲
Wages in inflation-adjusted dollars	\$ 1,282	▲	▼

Minneapolis Trends



second quarter 2014

Contents

Economic indicators	3
Labor force	4
Jobs	5
Wages	8
Definitions & sources	12
Development indicators	13
New construction	14
Cost of residential construction	15
Conversions, remodels, and additions	16
Major construction projects	20
Demolitions	21
Definitions & sources	22
Housing stock & the real estate market	24
Apartment vacancy rates & average rents	25
Residential sales	30
Foreclosures	32
Condemned & vacant buildings	34
Office space	35
Retail space	37
Industrial space	39
Definitions & sources	41

Economic indicators

- Average employment and labor force numbers increased over the past quarter, with employment growth outpacing the rate of labor force growth. The resulting unemployment rate is lower than the previous quarter at 4.3%. In comparison with the same quarter last year, over 2,000 more city residents were working.
- As of the fourth quarter 2013 there were 305,655 jobs in Minneapolis, an increase of nearly 400 jobs (0.1 percent) over the previous quarter, and 4,600 more (1.5 percent) than the same quarter of the previous year. Over the same 12-month period, the metro and state also added jobs at a similar pace of 1.7 percent.
- Average inflation adjusted wages for the fourth quarter 2013 were down 1.3 percent from the same period a year before. Inflation adjusted wages in the metro area fell 2.6 percent while rising 9.4 percent at the state level during the same period.

Labor force

During the second quarter 2,496 residents (a 1.1 percent increase) joined the labor force; while over 3,364 more residents (a 1.6 percent increase) were working. As a result, the unemployment rate fell from 4.7 percent in the first quarter of 2014 to 4.3 percent in the second quarter of 2014.

The metro area also experienced an increase in the labor force accompanied by a larger increase in employment. This resulted in a decrease in the unemployment rate to 4.1 percent down from 4.8 percent in the previous quarter.

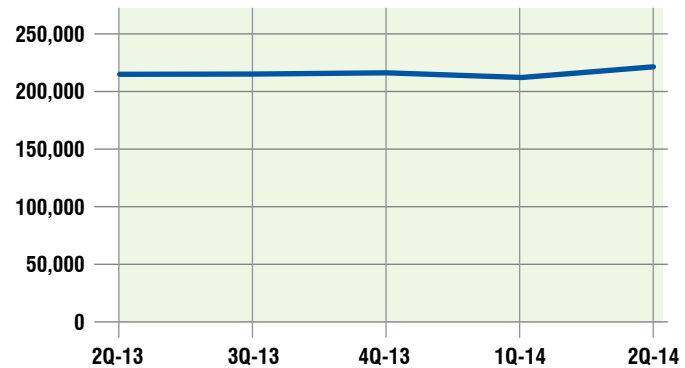
Table 1: **LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**
not seasonally adjusted

	2Q-13	3Q-13	4Q-13	1Q-14	2Q-14
Minneapolis					
Labor Force	219,377	219,777	218,076	217,389	219,885
Employment	208,412	208,547	208,608	207,067	210,431
Unemployment rate	5.0%	5.1%	4.3%	4.7%	4.3%
Metro area					
Labor Force	1,641,577	1,641,111	1,629,810	1,628,191	1,643,297
Employment	1,561,805	1,562,813	1,561,940	1,549,957	1,575,135
Unemployment rate	4.9%	4.8%	4.1%	4.8%	4.1%

Source: Minnesota Department of Employment and Economic Development (DEED)
– Labor Market Information

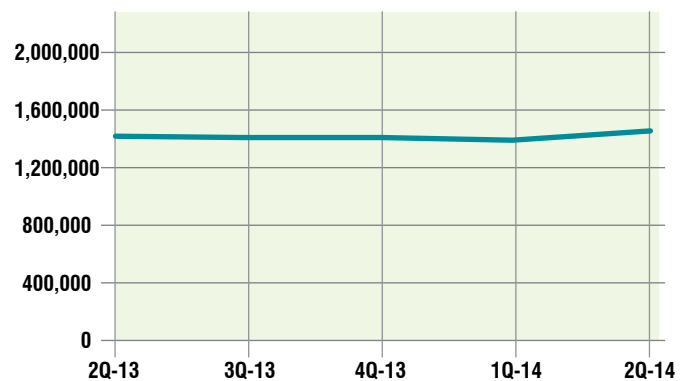
* For metro area definition, see [page 12](#).

Figure 1: **AVERAGE EMPLOYMENT** – Minneapolis
not seasonally adjusted



Source: Minnesota Department of Employment and Economic Development (DEED)
– Labor Market Information

Figure 2: **AVERAGE EMPLOYMENT** – Metro area*
not seasonally adjusted



Source: Minnesota Department of Employment and Economic Development (DEED)
– Labor Market Information

* For metro area definition, see [page 12](#)

Jobs

Table 2: **AVERAGE NUMBER OF JOBS BY INDUSTRY** – Minneapolis¹

	4Q-2012	1Q-2013	2Q-2013	3Q-2013	4Q-2013	Change from 4Q-12 - 4Q-13
Total, All Industries	301,044	296,999	302,839	305,275	305,655	4,611
Construction	5,407	5,061	5,490	6,145	5,860	453
Manufacturing	13,504	13,124	13,043	13,130	13,131	(373)
Utilities	2,803	2,844	2,879	2,913	2,845	42
Wholesale Trade	8,516	8,646	8,719	8,844	8,780	264
Retail Trade	14,542	13,845	15,102	15,138	14,871	329
Transportation and Warehousing	6,756	6,697	6,596	6,458	6,772	16
Information	10,682	9,363	9,264	10,721	10,740	58
Finance and Insurance	27,051	26,828	26,631	26,598	26,492	(559)
Real Estate and Rental and Leasing	9,305	9,389	9,297	9,241	8,962	(343)
Professional and Technical Services	33,006	33,244	33,441	33,737	33,849	843
Management of Companies and Enterprises	19,743	19,936	20,056	20,295	20,152	409
Administrative and Waste Services	15,955	13,802	14,718	15,099	14,833	(1,122)
Educational Services	31,380	31,373	31,406	29,356	31,596	216
Health Care and Social Assistance	51,671	52,434	53,433	54,369	55,232	3,561
Arts, Entertainment, and Recreation	4,638	4,798	5,385	5,329	4,667	29
Accommodation and Food Services	24,390	23,032	24,243	24,907	24,785	395
Other Services, Ex. Public Admin	9,735	9,410	9,739	9,768	9,664	(71)
Public Administration	11,769	11,767	11,928	13,031	12,245	476

Source: Minnesota Department of Employment and Economic Development (DEED) – Minnesota Quarterly Census, Employment and Wages

¹ Natural resource-based industries and agriculture, fishing, and forestry employment are not shown in the table. Some industry numbers may not be disclosed because of privacy issues, so totals do not add up. Table reflects latest revision by Minnesota Department of Employment and Economic Development.

Jobs

As of the fourth quarter 2013, the number of jobs located in Minneapolis was 305,655, a 0.1 percent increase from the previous quarter. In comparison with the same quarter in 2012, the number of jobs increased by 1.5 percent (approximately 4,600 jobs).

Note that some of the increases or decreases of jobs in Table 2 are subject to seasonal variations. For example, construction grows during the spring and summer but drops in the winter.

12 month change – 4th quarter 2012 to 4th quarter 2013

Sectors which gained the most jobs:

- **Construction** grew by **453 jobs**, an **8.4 percent** increase.
- **Health Care and Social Assistance** grew by **3,561 jobs**, a **6.9 percent** increase.
- **Public Administration** grew by **476 jobs**, a **4.0 percent** increase.

Sectors which experienced greatest job losses:

- **Manufacturing** lost **373 jobs**, a **2.8 percent** decrease.
- **Real Estate, Rental, and Leasing** lost **343 jobs**, a **3.7 percent** decrease.
- **Administrative and Waste Services** lost **1,122 jobs**, a **7.0 percent** decrease.

Quarter to quarter change – 3rd quarter 2013 to 4th quarter 2013

Sectors which gained the most jobs:

- **Educational Services** grew by **2,240 jobs**, a **7.6 percent** increase.
- **Transportation and Warehousing** grew by **314 jobs**, a **4.9 percent** increase.
- **Health Care and Social Assistance** grew by **863 jobs**, a **1.6 percent** increase.

Sectors which experienced greatest job losses:

- **Construction** lost **285 jobs**, a **4.6 percent** decrease.
- **Public Administration** lost **786 jobs**, a **6.0 percent** decrease.
- **Arts, Entertainment, and Recreation** lost **662 jobs**, a **12.4 percent** decrease.

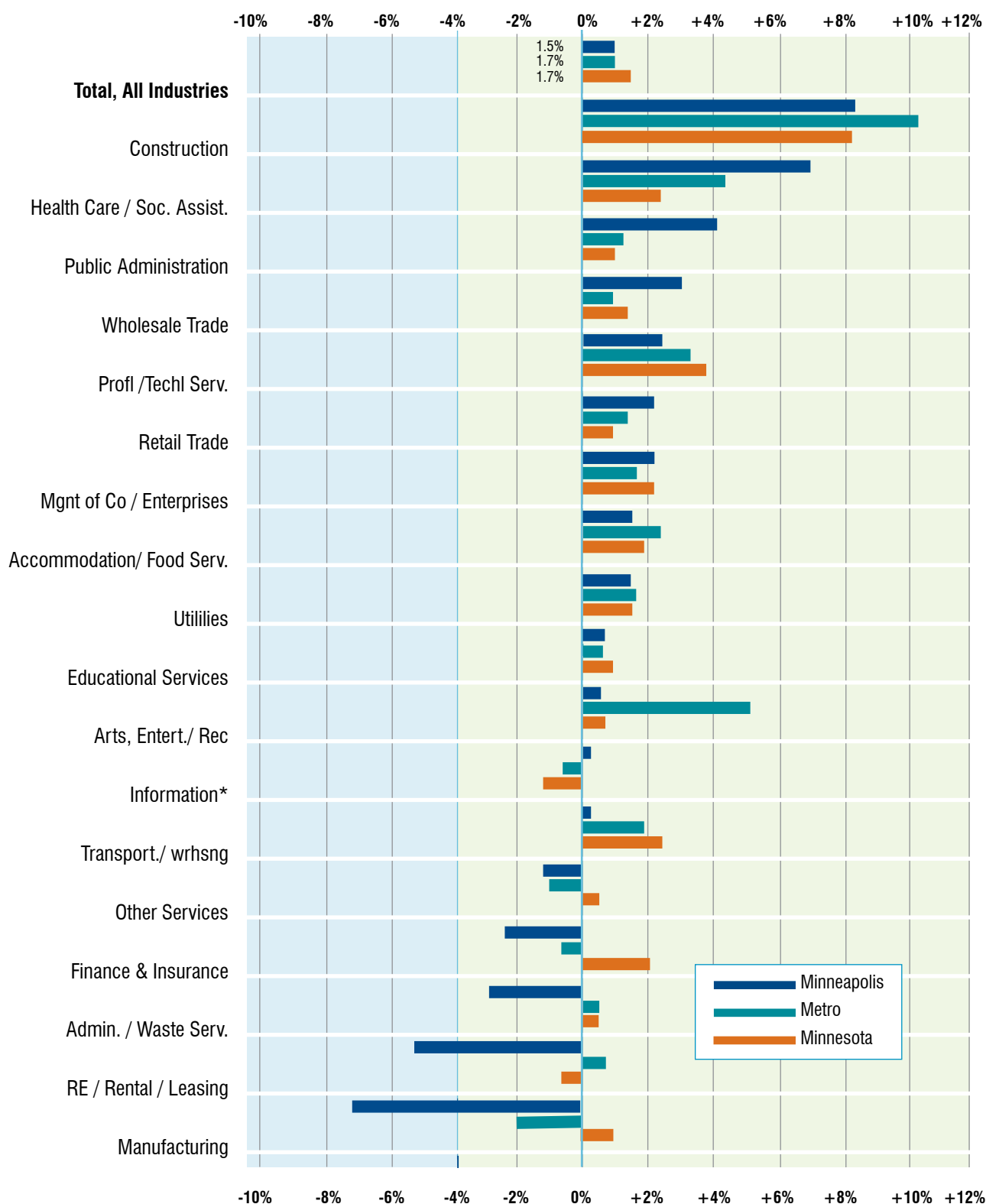
As shown in **Figure 3**, the city, metro area, and state all gained jobs over the twelve-month period. The city's job base increased by 1.5 percent over the previous twelve months while the metro area and state added jobs at a rate of 1.5 percent.

Of the sectors **posting growth** over this period, **Construction** was the fastest growing sector in the city at 8.4 percent, while it grew at a faster rate in the Metro and at a slower rate in the state. In addition to health care, **Health Care and Social Assistance** and **Public Administration** grew at rates of 6.9 percent and 4.0 percent respectively over the previous twelve months.

Of the economic sectors **losing jobs** in the city, **Administrative and Waste Services**, **Manufacturing**, **Real Estate, Rental, and Leasing**, and **Manufacturing** saw the greatest declines.

Jobs

Figure 3: **JOBS** —4Q-12 to 4Q-13
percentage change



Source: Minnesota Department of Employment and Economic Development (DEED)

Minneapolis industries are sorted from high to low
For metro area definition, see [page 12](#)

Wages

The average weekly wage in Minneapolis in the fourth quarter of 2013 was **\$1,282**, a **0.5 percent** increase in non-adjusted dollars from the previous year, and a **1.3 percent** decrease when accounting for inflation.

The majority of sectors saw a weekly wage increase in non-adjusted dollars over the previous year. **Wholesale Trade** saw the highest average weekly wages increase at **108 dollars (7.7 percent)**.

Table 3: **AVERAGE WEEKLY WAGE** – Minneapolis¹
in current dollars

	4Q-2012	1Q-2013	2Q-2013	3Q-2013	4Q-2013	Change from 4Q-12 - 4Q-13
Total, All Industries	\$ 1,276	\$ 1,358	\$ 1,206	\$ 1,169	\$ 1,282	\$6
Construction	\$ 1,194	\$ 1,141	\$ 1,222	\$ 1,094	\$ 1,252	\$58
Manufacturing	\$ 1,355	\$ 1,116	\$ 1,097	\$ 1,048	\$ 1,220	\$ (135)
Utilities	\$ 1,807	\$ 2,424	\$ 1,777	\$ 1,691	\$ 1,898	\$91
Wholesale Trade	\$ 1,406	\$ 1,449	\$ 1,337	\$ 1,335	\$ 1,514	\$ 108
Retail Trade	\$ 516	\$ 532	\$ 497	\$ 516	\$ 539	\$23
Transportation and Warehousing	\$ 962	\$ 1,029	\$ 927	\$ 977	\$ 961	\$ (1)
Information	\$ 1,357	\$ 1,494	NA	\$ 1,316	\$ 1,407	\$50
Finance and Insurance	\$ 2,069	\$ 3,151	\$ 1,838	\$ 1,850	\$ 2,097	\$28
Real Estate and Rental and Leasing	\$ 1,369	\$ 2,161	\$ 1,368	\$ 1,465	\$ 1,470	\$ 101
Professional and Technical Services	\$ 2,231	\$ 1,683	\$ 1,719	\$ 1,693	\$ 2,227	\$ (4)
Management of Companies and Enterprises	\$ 1,801	\$ 2,308	\$ 2,283	\$ 1,962	\$ 1,769	\$ (32)
Administrative and Waste Services	\$ 696	\$ 693	\$ 657	\$ 692	\$ 725	\$ 29
Educational Services	\$ 1,188	\$ 1,055	\$ 1,181	\$ 1,102	\$ 1,218	\$ 30
Health Care and Social Assistance	\$ 991	\$ 947	\$ 951	\$ 928	\$ 988	\$ (3)
Arts, Entertainment, and Recreation	\$ 1,046	\$ 917	\$ 1,318	\$ 1,286	\$ 1,076	\$ 30
Accommodation and Food Services	\$ 399	\$ 382	\$ 388	\$ 402	\$ 405	\$ 6
Other Services, Ex. Public Admin	\$ 657	\$ 606	\$ 609	\$ 618	\$ 649	\$ (8)
Public Administration	\$ 1,269	\$ 1,260	\$ 1,227	\$ 1,186	\$ 1,235	\$ (34)

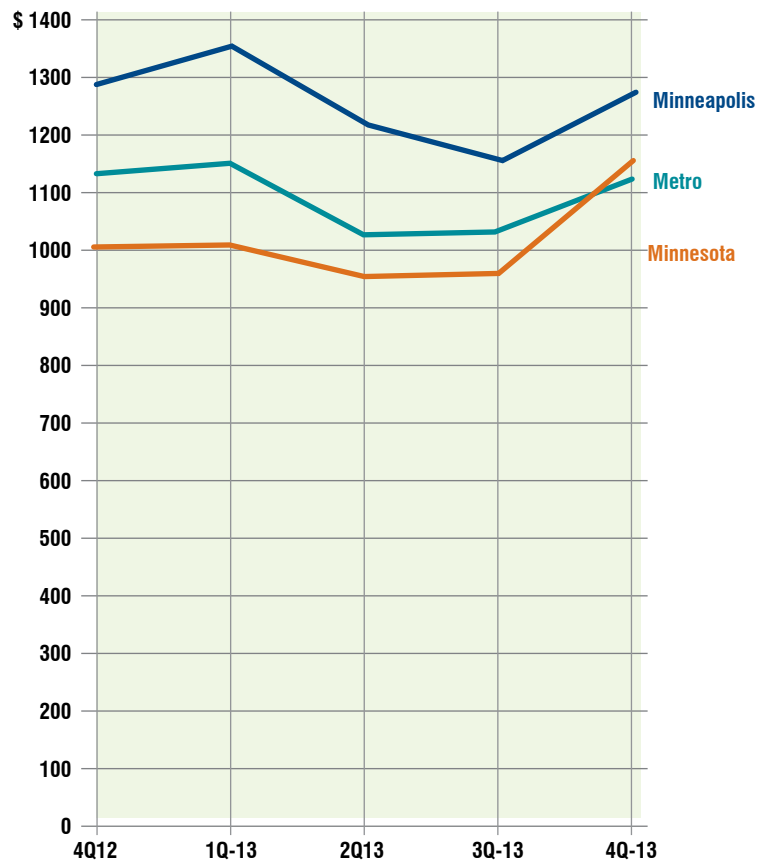
Source: Minnesota Department of Employment and Economic Development (DEED) – Minnesota Quarterly Census, Employment

¹ Natural resources and agriculture, fishing and forestry employment are not counted. Some industry numbers may not be disclosed because of privacy issues.

Wages

In general, jobs in Minneapolis command higher average weekly wages than the metropolitan area or the state. When compared to the same quarter last year, average weekly wages in inflation-adjusted dollars fell in the city and metro while rising at the state geography.

Figure 4: **AVERAGE WEEKLY WAGES** –4Q-12 to 4Q-13
in inflation-adjusted dollars



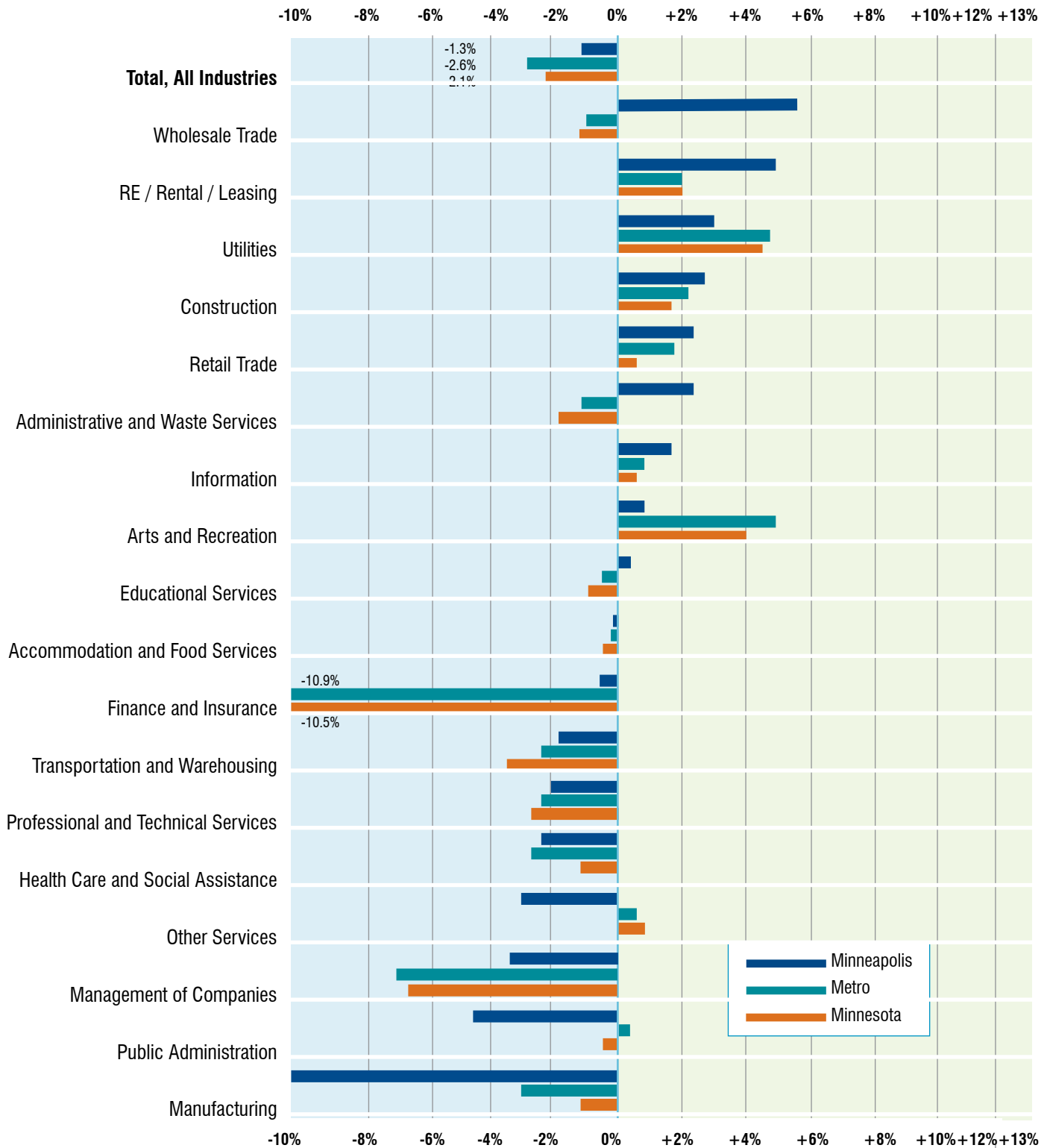
	4Q-12	1Q-13	2Q-13	3Q-13	4Q-13	\$ change 4Q-12 to 4Q-13	% change 4Q-12 to 4Q-13
Minneapolis	\$ 1,299	\$ 1,362	\$ 1,210	\$ 1,169	\$ 1,282	(\$ 17)	-1.3%
Metro area	\$ 1,132	\$ 1,155	\$ 1,044	\$ 1,054	\$ 1,103	(\$ 29)	-2.6%
Minnesota	\$ 1,008	\$ 1,016	\$ 942	\$ 950	\$ 1,117	\$ 109	10.8%

Source: Minnesota Department of Employment and Economic Development (DEED)

For conversion factors, see [page 12](#)

Wages

Figure 5: **AVERAGE WEEKLY WAGES** –4Q-12 to 4Q-13
percent change in inflation-adjusted dollars*



Source: Minnesota Department of Employment and Economic Development (DEED)

* For conversion factors, see [page 12](#)

Minneapolis industries are sorted from high to low.

For metro area definition, see [page 12](#)

Wages

Approximately half of the sectors tracked for this report saw average inflation-adjusted weekly wages increase in Minneapolis this quarter. **Wholesale Trade and Real Estate, Rental, and Leasing** sectors saw the largest percentage increases over the previous year. In the metro and state geographies, job sectors experiencing the greatest wage growth were **Utilities** and **Arts, Entertainment, and Recreation**.

- **Wholesale Trade** saw the largest increase in wages in Minneapolis with **5.7 percent** growth, while wages for the industry changed at rates of -1.3 and 3.6 percent respectively in the metro area and state.

Definitions & sources

Labor Force, Employment and Unemployment: Labor force, employment and unemployment by place of residence are based on monthly figures from the Minnesota Department of Employment and Economic Development. Labor force means the number of non-farm workers employed or looking for a job at a given time. For complete definitions go to: <http://www.bls.gov/opub/hom/pdf/homch1.pdf>

Metro area: The following counties make up the seven-county metropolitan area: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Jobs and wages: Average number of jobs by industry is based on data of all establishments covered under the Unemployment Insurance System, which includes about 97 percent of Minnesota employment. Some categories of employment are excluded, including sole proprietors, self-employed people, railroad workers, elected government officials and others working on a commission basis. Tables 2 and 3 show data to two digits by industry in the North American Industry Classification System (NAIC) for Minneapolis, the seven-county metropolitan area, and Minnesota. To see how the “digits” work, go to <http://www.census.gov/eos/www/naics/>

Inflation-adjusted figures: Values reported in table 3 are expressed in current dollars (not adjusted for inflation). For analysis purposes, however, text is based on these table values converted to constant (*inflation-adjusted*) dollars based on the U.S. Bureau of Labor Statistics’ Consumer Price Index (CPI) for all urban consumer goods in the Minneapolis-Saint Paul, Minnesota-Wisconsin statistical metropolitan area and the Midwest urban areas. For the third quarter of 2012, dollars have been converted with an index reflecting the CPI for the second half of 2012 and second half of 2011 with 2012 as a base year for Minneapolis and metro area, and the state. To look at the indexes go to: <http://www.bls.gov/cpi/> then go to databases and to “All urban consumers (current series).”

Development indicators

- **811 new construction residential units** were permitted this quarter, most of them rental units in multifamily buildings, although the number of single family permits remained strong at **27 permits** issued.
- The city permitted **79.4 percent** more multifamily units this quarter than last quarter, and **25.4 percent** more permits than were issued in the same quarter of 2013.
- Thirty-one residential and commercial permits valued at least \$1 million were issued this quarter, totaling \$418.6 million. The largest single project was a partial permit for the Vikings Stadium.

New construction

Minneapolis city permitting of single-family units decreased both over the previous quarter and the same quarter in 2013, while permitting of multi-family units increased over the previous quarter and the same quarter in 2013. New residential unit permitting activity in the metro area increased over the previous quarter and when compared to the same quarter last year.

Figure 6 shows the last five quarters of new residential unit permits issued in Minneapolis. These numbers do not include remodeling and conversion projects, which are discussed on page 25. Remodeling and conversion projects are reported separately from new building permits, and appear in Table 5 and Map 2.

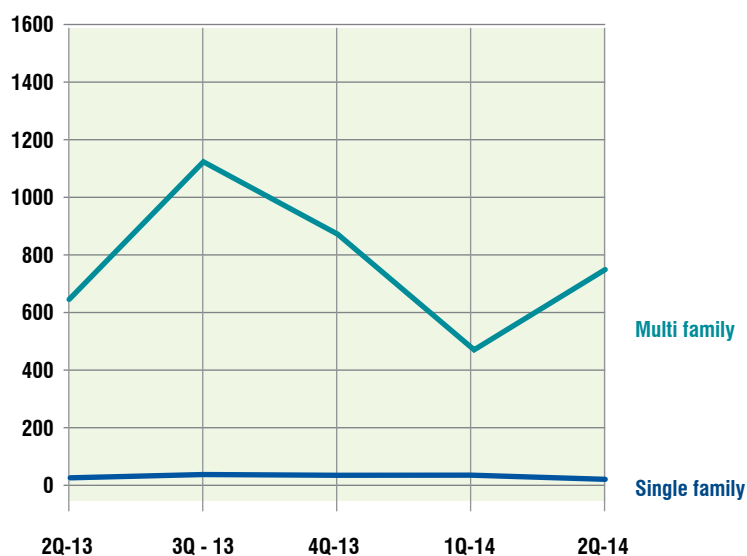
Table 4: **NEW RESIDENTIAL UNITS PERMITTED**

	2Q-13	3Q-13	4Q-13	1Q-14	2Q-14
Single-family					
City	33	46	45	37	27
Metro area	1,665	1,720	1,412	958	1,428
Multifamily					
City	625	1,174	890	437	784
Metro area	832	1,903	1,449	770	1,470
Total Units					
City	658	1,220	935	474	811
Metro area*	2,497	3,623	2,861	1,728	2,898

Source: U.S. Census Bureau, based on estimated number of permits with imputation

* Estimated number of permits with imputation: The Census Bureau estimates that about 8 percent of the total number of units permitted are underreported by counties in the metro area. For metro area definition, see [page 12](#)

Figure 6: **NEW RESIDENTIAL UNITS PERMITTED – Minneapolis**



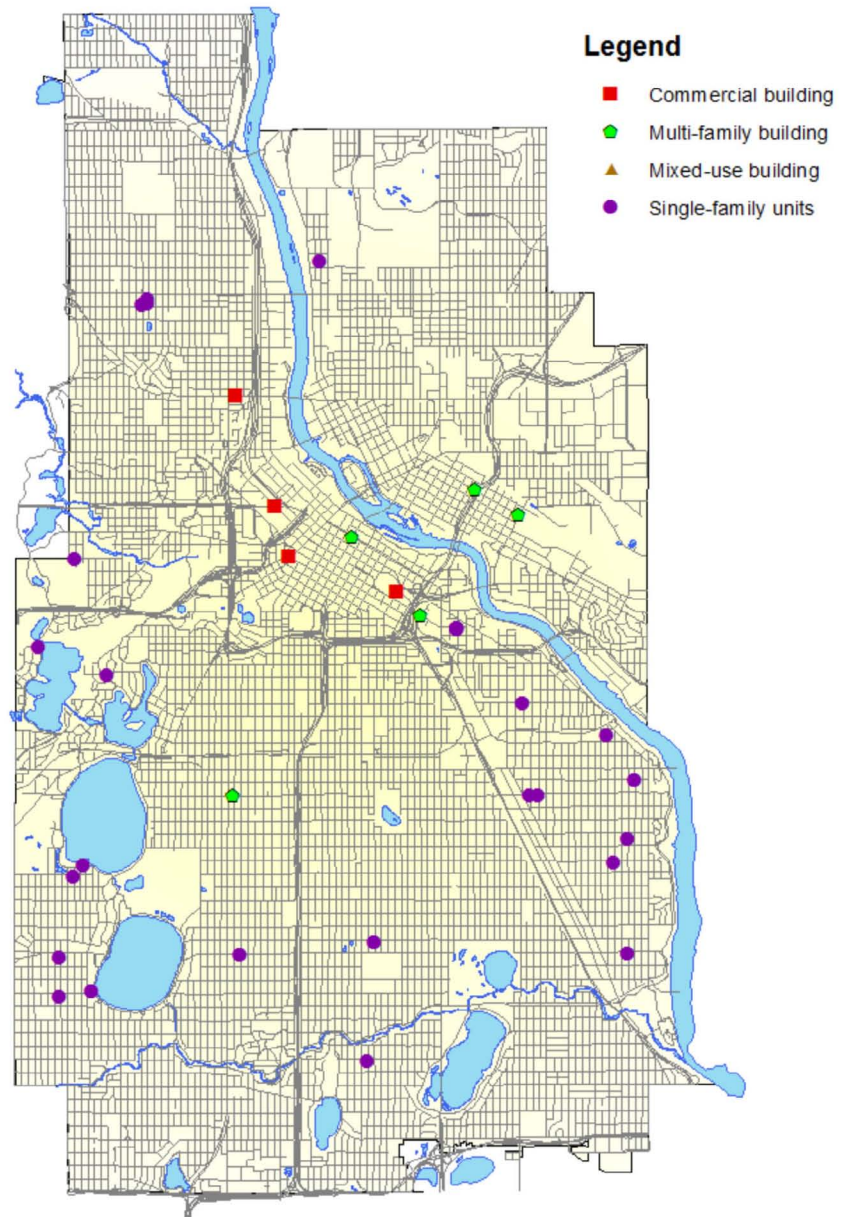
Source: U.S. Census Bureau, and Minneapolis CPED

New construction

Twenty-seven single-family dwellings were permitted, many of them in the southwestern part of the city, near Lake Harriet and Lake Calhoun – also a number of new single-family units were permitted in the Longfellow area in the south sector of the city. Five new multi-family buildings totaling 784 units were also permitted this quarter.

Map 1: NEW CONSTRUCTION PERMITS – 2Q-14

Source: Minneapolis CPED



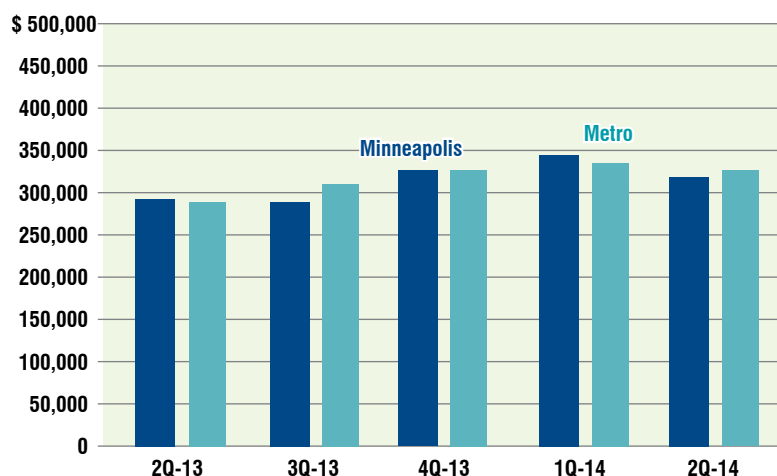
Cost of residential construction

The thirty-seven new single-family homes permitted this quarter had estimated construction costs ranging from \$164,000 to \$649,411 with a median of \$255,388.

The average single-family construction cost in the city decreased by 8.6 percent this quarter in comparison with last quarter, and increased 5.3 percent compared with the same quarter last year. In the metro area permitted single-family construction cost decreased by 3.3 percent over the previous quarter and increased 9.4 percent compared with the same quarter last year.

This quarter the average construction cost of multifamily units decreased in Minneapolis and in the metro from the previous quarter as well as the same quarter from the previous year.

Figure 7: **SINGLE-FAMILY CONSTRUCTION COST**
per unit

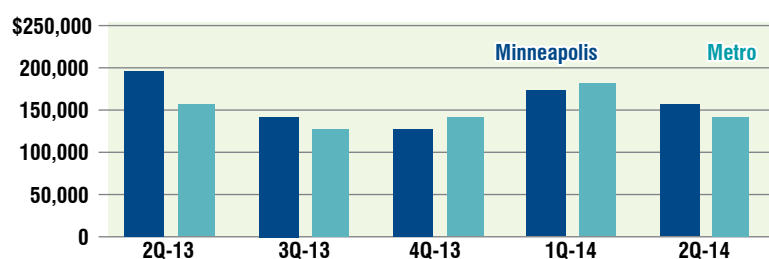


	2Q-13	3Q-13	4Q-13	1Q-14	2Q-14
Minneapolis	\$ 296,341	\$ 289,921	\$ 329,671	\$ 341,409	\$ 311,999
Metro area	\$ 295,165	\$ 305,517	\$ 329,477	\$ 334,031	\$ 323,010

Source: U.S. Census Bureau

Table values are not adjusted for inflation
For metro area definition, see [page 12](#)

Figure 8: **MULTIFAMILY CONSTRUCTION COST**
per unit



	2Q-13	3Q-13	4Q-13	1Q-14	2Q-14
Minneapolis	\$ 190,674	\$ 146,171	\$ 136,490	\$ 166,541	\$ 158,446
Metro area	\$ 151,448	\$ 135,280	\$ 145,736	\$ 176,751	\$ 147,566

Source: U.S. Census Bureau

Values in table are not adjusted for inflation
For metro area definition, see [page 12](#)

Permitted conversions, remodels & additions

The City saw an increase the number of **residential** remodeling, conversion and addition projects with a value of \$50,000 or more this quarter when compared to the previous quarter.

Commercial permit numbers and overall value were also up when compared to the previous quarter and the same quarter from the previous year.

Table 5: **PERMITTED CONVERSIONS, REMODELS AND ADDITIONS**
projects \$50,000 +

	2Q-13	3Q-13	4Q-13	1Q-14	2Q-14
Remodels					
Number of buildings	170	167	115	100	162
Total Value	\$ 27,775,695	\$ 22,976,086	\$ 19,966,647	\$ 9,480,414	\$ 31,829,146
Conversions and additions²					
Number of buildings	4	7	13	7	13
Net number of units	56	19	274	-7	63
Total value	\$ 9,092,809	\$ 2,186,020	\$ 82,807,806	\$ 196,000	\$ 9,301,359
Total Residential¹					
Number of buildings	174	174	128	107	175
Value	\$ 36,868,504	\$ 25,162,106	\$ 102,774,453	\$ 9,676,414	\$ 41,130,505
Total non-residential¹					
Number of buildings ³	156	178	165	134	189
Value	\$ 75,028,318	\$ 63,817,628	\$ 60,963,468	\$ 69,067,513	\$ 83,855,306

Source: Minneapolis CPED

1 Residential and non-residential building listings may include structural work, build-outs (other than new building build-outs) and other improvements.

2 Residential conversions consist of a change in uses (e.g. from an office building to residential apartments) or subdividing or consolidating residential units.

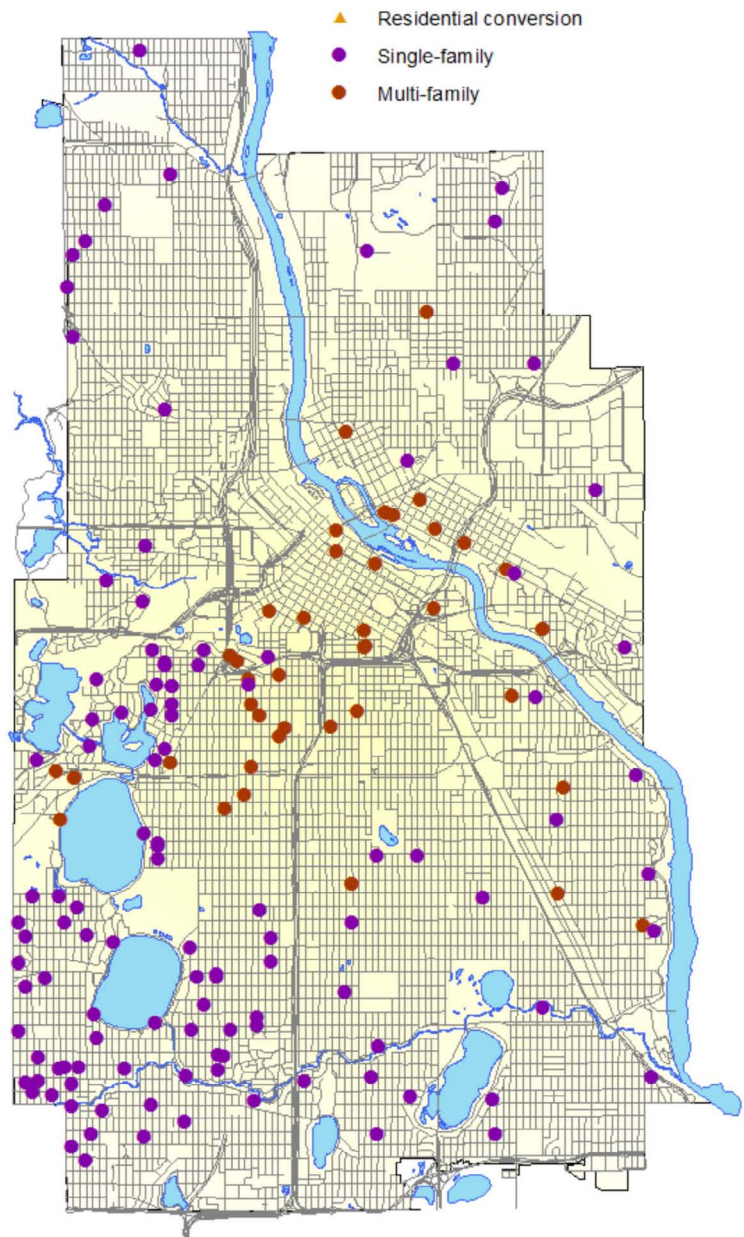
3 Types of non-residential buildings vary, including parking ramps, communication equipment, and public works, commercial or industrial buildings.

Conversions, remodels & additions

Residential projects were largely renovations of single family properties scattered throughout the City, however, these permits also include several conversions from office/commercial to residential including renovation of the Ceresota Mill in downtown.

Map 2 **RESIDENTIAL CONVERSIONS, REMODELS & ADDITIONS – 2Q-14**
projects \$50,000 +

Source: Minneapolis CPED

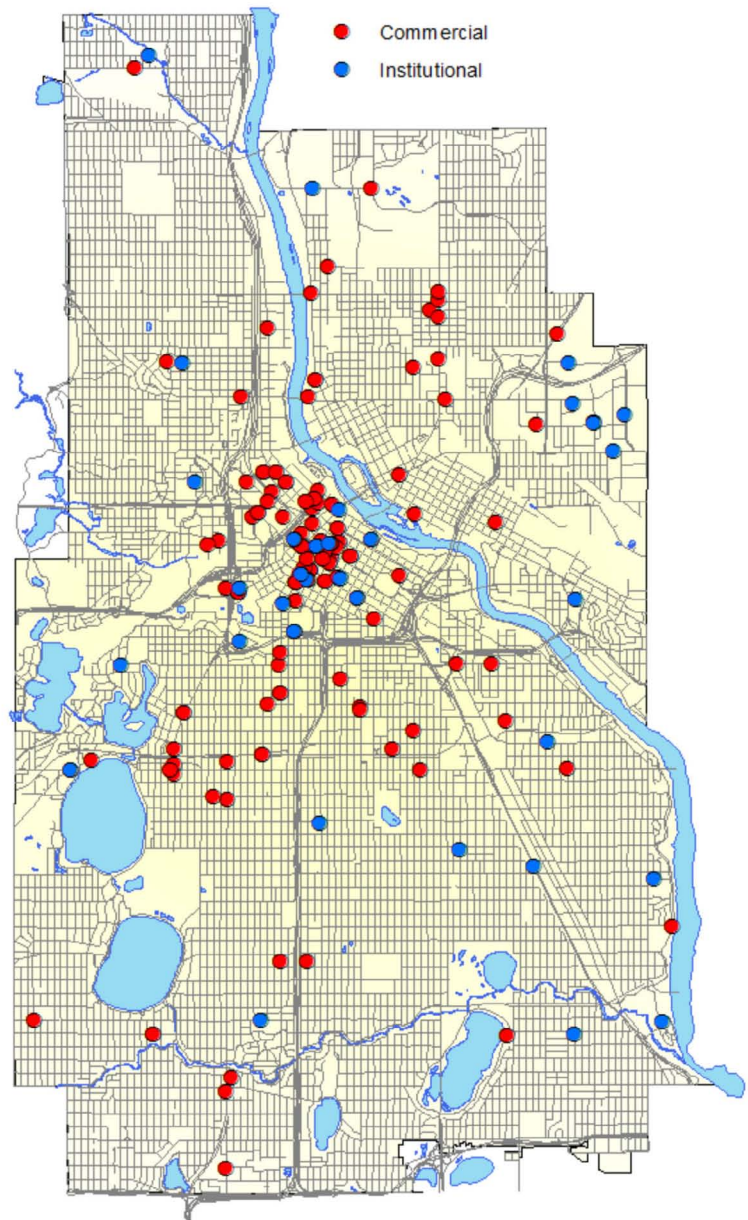


Conversions, remodels & additions

Non-residential remodel permits in the fourth quarter were again concentrated in the downtown sector of the city, with additional concentrations along commercial corridors in the city such as Lake Street.

Map 3: **NON-RESIDENTIAL REMODELING & RENOVATION – 2Q-14**
projects \$50,000 +

Source: Minneapolis CPED



Major construction projects

The following list shows major projects permitted in Minneapolis in the second quarter of 2014. The dollar amounts only

reflect projected construction cost (not land acquisition or soft costs) for permits issued.

Permit amounts do not indicate actual project costs and are an estimate used for the purposes of permit issuance only.

Table 6: **MAJOR PERMITTED MINNEAPOLIS CONSTRUCTION PROJECTS** projects \$1,000,000+

Description	Address	Neighborhood	Projected construction \$	CPED Involvement ¹
Viking's Stadium (Partial permit)	500 11th Ave S	Downtown East	\$ 181,800,000	●
New 13 story 319 unit residential building	301 Washington Ave S	Downtown West	\$ 51,672,815	●
New 6 story 200 unit residential building	701 15th Ave SE	Marcy Holmes	\$ 36,785,000	●
Be The Match new office building	524 5th St N	North Loop	\$ 32,564,000	●
New 6 story 259 unit building	1500 6th St S	Cedar Riverside	\$ 32,456,398	●
New 9 story 211 room hotel building	19 8th St N	Downtown West	\$ 25,400,000	
Conversion of office building to 56 unit senior care living	512 2nd St S	Downtown West	\$ 6,995,801	
Office remodel	501 Nicollet Mall	Downtown West	\$ 4,645,208	
Block E Mayo Clinic build out	600 Hennepin Ave	Downtown West	\$ 4,528,000	●
School remodel	917 Emerson Ave N	Near North	\$ 4,151,890	
Church remodel	5025 Knox Ave S	Lynnhurst	\$ 3,823,450	
Walgreen's build out	501 West Broadway	Near North	\$ 3,047,038	
Fast Horse office remodel	240 9th Ave N	North Loop	\$ 2,907,414	
Church remodel	5025 Knox Ave S	Lynnhurst	\$ 2,676,355	
Convention Center remodel	132 16th St E	Loring Park	\$ 2,322,922	
Restaurant remodel	2501 Marshall St NE	Marshall Terrace	\$ 2,149,681	
Commercial building addition	2910 Pillsbury Ave	Whittier	\$ 2,117,811	
Office remodel	131 25th St E	Whittier	\$ 1,787,311	
Exterior improvements	501 Nicollet Mall	Downtown West	\$ 1,550,000	
Office remodel	245 Aldrich Ave N	Harrison	\$ 1,429,000	
Exterior improvements	501 Nicollet Mall	Downtown West	\$ 1,415,000	
LRT Platform Expansion	415 Nicollet Mall	Downtown West	\$ 1,400,000	
School remodel	1600 50th Ave N	Shingle Creek	\$ 1,340,598	
Office remodel	523 2nd Ave S	Downtown West	\$ 1,307,049	
Conversion of retail space to residential	2401 Chicago Ave	Midtown Phillips	\$ 1,272,054	
Dormitory remodel	910 Elliot Ave	Elliot Park	\$ 1,260,000	
Exterior improvements	9 Franklin Ave W	Whittier	\$ 1,230,640	
Minnesota Veteran's Home remodel	5101 Minnehaha Ave	Hiawatha	\$ 1,175,416	
Office remodel	80 8th St S	Downtown West	\$ 1,141,251	
Roof replacement	3120 28th St E	Longfellow	\$ 1,130,000	
Roof replacement	2730 Lake St W	Cedar Isles Dean	\$ 1,074,900	

Source: Minneapolis CPED

* Includes more than one permit at one address

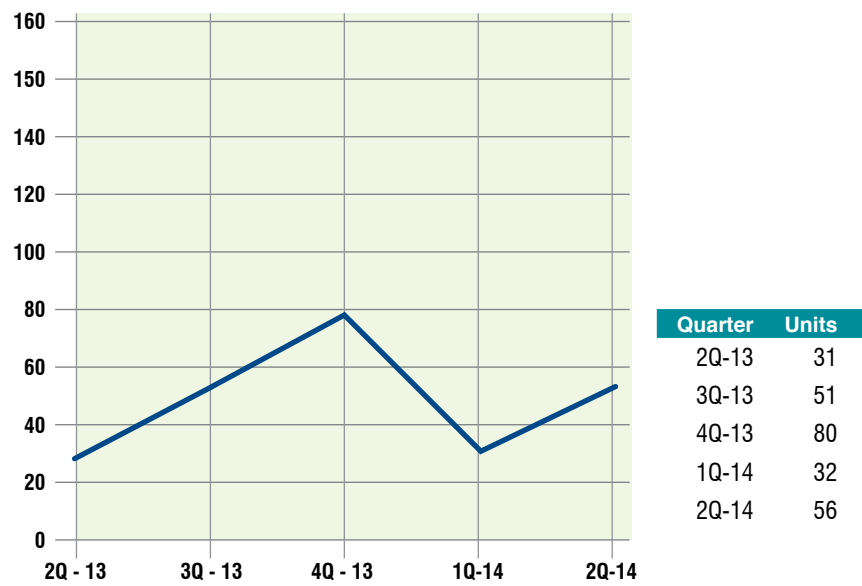
¹ Community Planning and Economic Development (CPED) assists selected construction projects in the City with land assembly, property purchases, grants for land remediation, and financial assistance through bonds or small loans for businesses. All development projects regardless of financial involvement receive technical assistance from CPED on land use and regulatory matters.

Demolitions

Residential demolitions increased this quarter when compared to the previous quarter, as well as when compared to the same quarter from 2013.

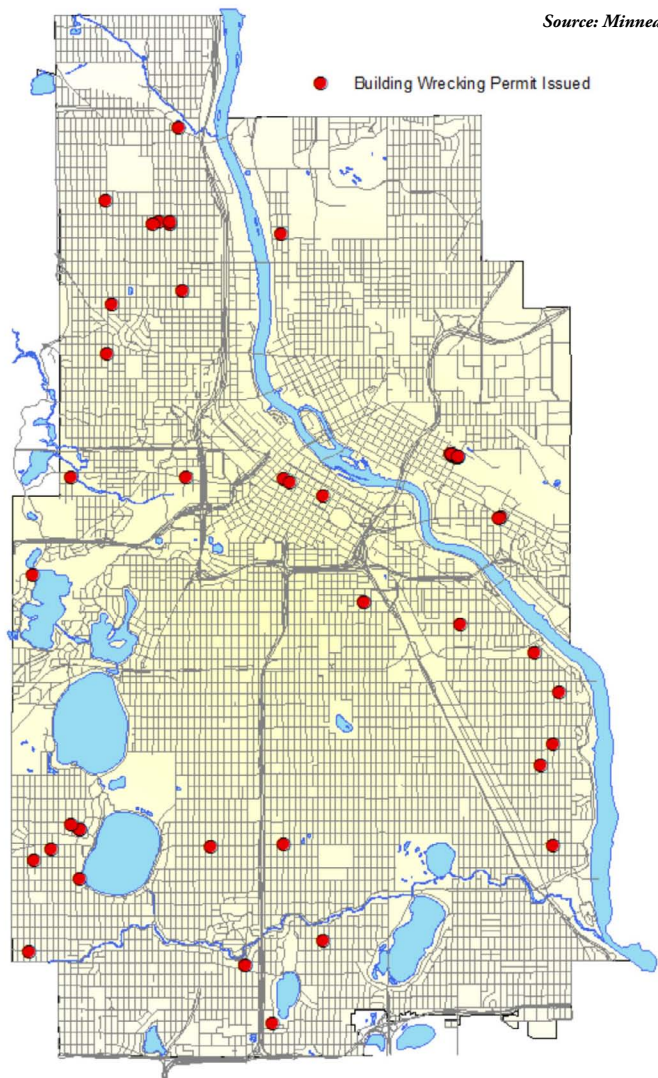
Demolitions continue to be focused in areas of the city where sites are prepped for the construction of new single-family or multi-family projects.

Figure 9: RESIDENTIAL UNITS DEMOLISHED – Minneapolis



Source: Minneapolis CPED

Map 4: DEMOLITIONS –1Q-14



Source: Minneapolis CPED

Building permits for new construction: Permits represent construction projects (residential and non-residential) approved by the City. Typically there is a time lag between issuing a permit and actual construction.

Table four and figures six to eight are based on monthly figures for the city of Minneapolis and metropolitan area provided by the U.S. Census Bureau. For mapping purposes, data on new building construction, remodels, conversions and demolitions for the city are based on permit information by address from the City's Regulatory Services Department. Numbers from the U.S. Census Bureau and Minneapolis Regulatory Services may differ slightly for the same period because of a time-lag in reporting. Census Bureau numbers do not include additions, remodels or demolitions.

Single-family buildings have only one unit in the building.

Multifamily buildings have two or more units in the building, except when noted that triplexes and duplexes are counted separately (in that case, multifamily buildings have four or more units.)

Cost of residential construction is based on the cost developers report on permit requests for their projects.

Construction cost per unit refers to the total construction cost reported divided by the number of units permitted during the period considered.

Non-residential buildings include any kind of use except residential. Cost is based on the amount the developer reports to the City's Regulatory Services Department.

Building permits for residential remodeling, additions and conversions: Table five and maps two and three are based on data from the City of Minneapolis CPED Department. Information includes all City-approved projects for remodeling, additions and conversions with a value of \$50,000 or more.

Building permits for demolitions: These data were obtained from the City of Minneapolis CPED Department and include all partially or totally demolished buildings. The multifamily building category includes rentals and condominiums.

Maps – Building uses: Categories listing the uses of buildings are based on descriptions from their permits. The following categories are used:

Map 1 – New buildings

Single-family: means detached dwellings.

Other residential: means buildings with two (duplex and double bungalow), three (triplex) or more residential units, including townhouses.

Mixed-use residential: means buildings with other uses in addition to residential, for example, residential and commercial; residential and retail and/or office.

Non-residential use: means all buildings that do not have a residential component. It also includes structures such as communications towers and skyways.

Map 2 – Residential remodels with a construction cost of \$50,000 or more:

Single-family includes all detached single-family dwellings with permits for renovations, additions or improvements.

Other residential includes all residential buildings that are not detached single-family dwellings, including units in buildings with two or more units. It includes remodeling or build-outs of one or more individual units and remodeling of the entire building.

Conversions consist of the construction of new residential units in non-residential buildings such as factories, warehouses, hotels and others and remodeling of a building for residential uses. It does not include conversions of apartment units to condominiums. It includes changing two or more residential units into a single residence or the subdivision of a single unit into several.

Map 3 – Non-residential remodels, additions and improvements with a cost of \$50,000 or more

Commercial includes offices, warehouses, factories, restaurants and retail buildings in general. It may be a build-out of an office space or several floors, or it may be the remodeling of an entire building. Several tenant remodels at one address are considered one project, i.e. renovation of 33 S. Sixth St. (the former Multifoods Tower) downtown.

Institutional: This category includes hospitals, clinics, churches, schools, nursing homes, correctional centers and any other institutional use.

Transportation related includes parking, skyways and bus and rail terminals.

Map 4 – Demolitions

Single family buildings: All detached residential buildings with one unit in the structure.

Multi-family buildings: All residential buildings with 2 or more units in the structure.

Non-residential: All non-residential buildings and structures

Residential and Commercial Real Estate Market

- The average apartment vacancy rate in Minneapolis rose to 3.5 percent in the second quarter of 2014, up from the 3.2 percent vacancy rate in the previous quarter, and up from the 2.2 percent rate in the second quarter of 2013.
- The number of traditional housing sales increased by 14.8 percent over the same quarter last year, while lender-mediated sales decreased by 45.2 percent. Average prices on traditional housing sales increased by 16.6 percent from the previous quarter, and increased 3.6 percent over the same quarter last year.
- Foreclosure sales decreased by 17.3 percent from the previous quarter, and decreased by 33.8 percent when compared to the same time last year.
- The office vacancy rate in the Minneapolis central business district (CBD) ranged between 12.7 percent and 17.2 percent this quarter, depending on the firm reporting. Retail vacancies ranged from 11.0 percent to 21.6 percent – the large discrepancy is explained by differences in reporting method by firm.

Apartment vacancy rates & average rents

The vacancy rate for multifamily rental housing in Minneapolis rose to 3.5 percent. The metro area vacancy rate dropped slightly this quarter to 2.6 percent.

Table 7: **VACANCY RATE AND AVERAGE RENT**
in current dollars

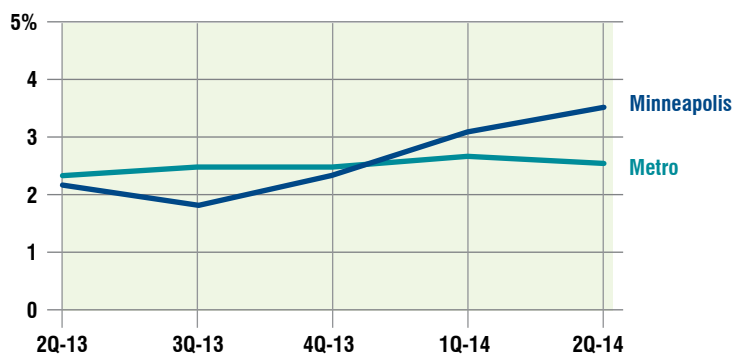
	2Q-13	3Q-13	4Q-13	1Q-14	2Q-14
Minneapolis					
Units surveyed	16,923	17,500	18,174	18,510	18,381
Vacant units	368	332	455	589	644
Average rent	\$ 1,037	\$ 1,041	\$ 1,098	\$ 1,095	\$ 1,118
Vacancy rate	2.2%	1.9%	2.5%	3.2%	3.5%
Metro area					
Units surveyed	114,715	117,356	115,632	117,434	114,496
Vacant units	2,675	2,897	2,932	3,214	2,986
Average rent	\$ 979	\$ 984	\$ 981	\$ 1,000	\$ 1,004
Vacancy rate	2.3%	2.5%	2.5%	2.7%	2.6%

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

For metro area definition, [page 41](#)

Figure 10: **RENTAL VACANCY RATES**
in percent



Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

For metro area definition, see [page 41](#)

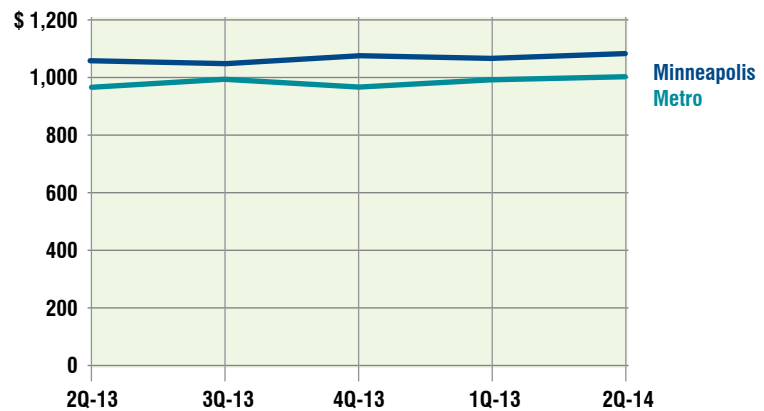
Apartment vacancy rates & average rents

At \$1,118, Minneapolis average rent in inflation-adjusted dollars increased when compared to the previous quarter and when compared to the same quarter of last year. In the metro area average rent was \$1,004, an increase from the previous quarter and when compared to the same quarter of the previous year.

The vacancy rate rose in the Downtown and East sectors over the last quarter, and fell in the Southwest and South sectors. The vacancy rate held steady in the North sector. Compared to the same quarter last year the vacancy rate rose in the Downtown, Southwest, North, and East sectors, while falling slightly in the South sector. The largest change from year to year occurred in North, where the vacancy rate increased from 1.7 percent in the second quarter of 2013, up to 5.6 percent in the second quarter of 2014.

* For conversion factors, see [page 41](#).

Figure 11: **AVERAGE APARTMENT RENT**
in current dollars



In inflation-adjusted dollars

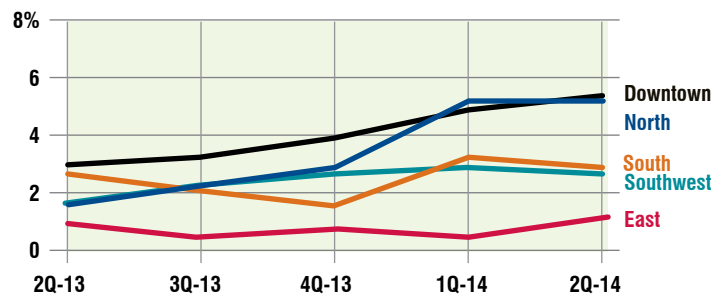
	2Q-13	3Q-13	4Q-13	1Q-14	2Q-14
Minneapolis	\$ 1,061	\$ 1,058	\$ 1,116	\$ 1,095	\$ 1,118
Metro area	\$ 995	\$ 1,000	\$ 981	\$ 1,000	\$ 1,004

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

* For conversion factors, see [page 41](#)

Figure 12: **VACANCY RATES BY MINNEAPOLIS GEOGRAPHIC SECTORS***
in percent



	2Q-13	3Q-13	4Q-13	1Q-14	2Q-14
Downtown	3.0%	3.3%	4.0%	5.0%	5.7%
Southwest	1.9%	2.2%	2.5%	2.7%	2.5%
North	1.7%	2.2%	2.7%	5.6%	5.6%
South	2.7%	2.0%	1.8%	3.2%	2.6%
East	1.4%	0.9%	1.2%	0.8%	1.5%

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

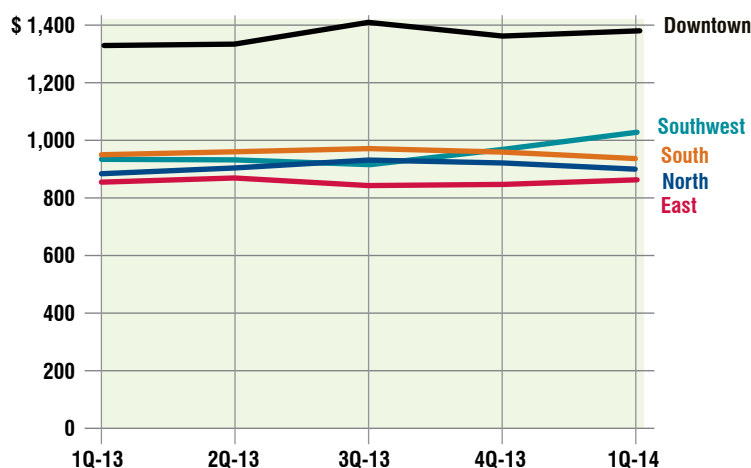
* For sector definitions, see [page 41](#).

Apartment vacancy rates & average rents

Average rents increased over the previous quarter in the Downtown, Southwest and East sectors of the city, while falling in the North and South sectors. On a year to year basis, rents increased the most in Southwest Minneapolis (9.9 percent, or 92 dollars), followed by North (6.9 percent, or approximately 61 dollars).

* For conversion factors, see [page 42](#).

Figure 13: **AVERAGE MONTHLY RENT BY CITY GEOGRAPHIC SECTORS***
in inflation-adjusted dollars



	2Q-13	3Q-13	4Q-13	1Q-14	2Q-14
Downtown	\$ 1,340	\$ 1,343	\$ 1,402	\$1,398	\$1,401
Southwest	\$ 928	\$ 927	\$ 925	\$ 995	\$1,020
North	\$ 878	\$ 929	\$ 923	\$ 943	\$ 939
South	\$ 938	\$ 942	\$ 974	\$ 942	\$912
East	\$ 856	\$ 883	\$ 842	\$ 856	\$ 884

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter.

* For conversion factors, see [page 42](#).

** For City sectors definition see [page 41](#).

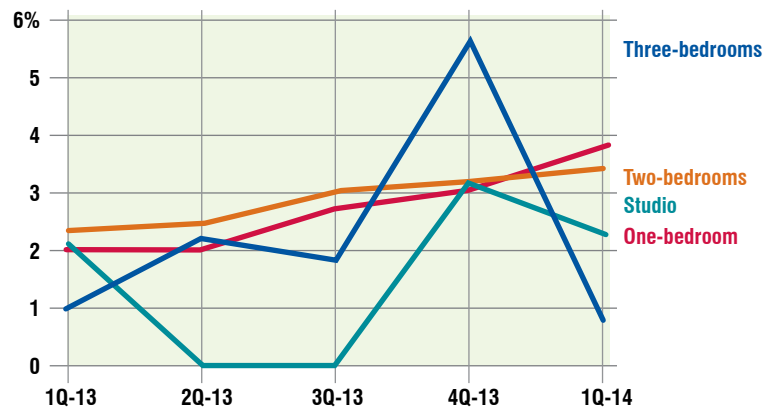
Apartment vacancy rates & average rents

When compared to the previous quarter, vacancy rates rose for one- and two-bedroom apartment types, while falling for studio and three-bedroom apartments. In comparison with the same quarter from the previous year, vacancy rates rose for all apartment types except for three-bedrooms where the rate held steady.

Average rents in *inflation-adjusted* dollars increased for all unit types when compared to both the previous quarter except for three-bedrooms which saw a slight decrease in rents. This held true for rents when compared to the same quarter from the previous year.

* For conversion factors, see [page 42](#).

Figure 14: **RENTAL VACANCY RATE** – Minneapolis
in percent by apartment type

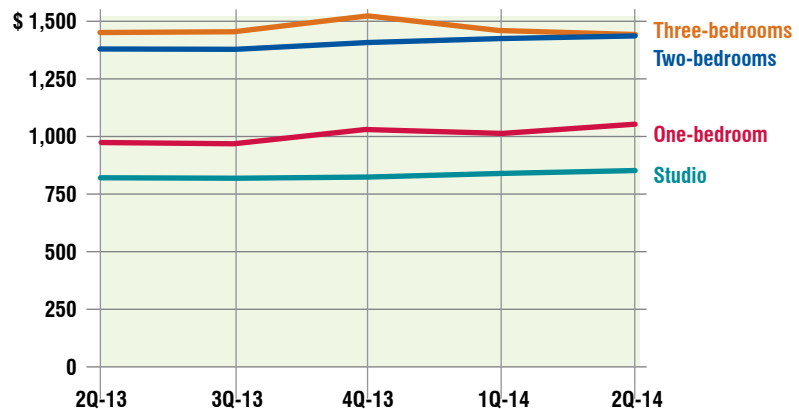


	2Q-13	3Q-13	4Q-13	1Q-14	2Q-14
Studio	2.1%	0.0%	0.0%	3.1%	2.4%
One-bedroom	2.0%	2.0%	2.7%	3.0%	3.8%
Two-bedroom	2.4%	2.5%	3.0%	3.2%	3.4%
Three-bedroom	0.9%	2.2%	1.9%	5.5%	0.9%

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

Figure 15: **AVERAGE UNIT MONTHLY RENT** – Minneapolis
in inflation-adjusted dollars by apartment type



	2Q-13	3Q-13	4Q-13	1Q-14	2Q-14
Studio	\$ 776	\$ 769	\$ 787	\$ 790	\$ 807
One-bedroom	\$ 984	\$ 978	\$ 1,016	\$ 1,003	\$ 1,026
Two-bedroom	\$ 1,354	\$ 1,357	\$ 1,427	\$ 1,429	\$ 1,449
Three-bedroom	\$ 1,457	\$ 1,469	\$ 1,514	\$ 1,468	\$ 1,445

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

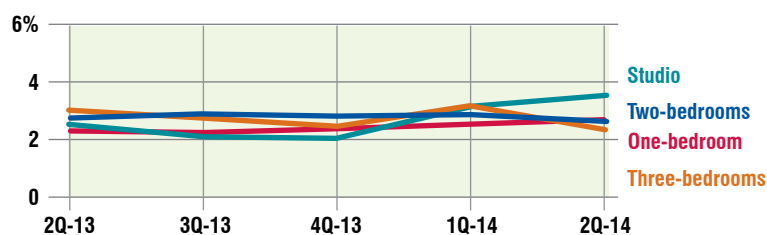
Recorded data for the last month of the quarter.

Apartment vacancy rates & average rents

In the metro area vacancy rates increased for studio and one-bedroom units while falling for two- and three-bedroom units. All unit types except for three-bedrooms saw an increase in vacancy when compared to the same quarter from the previous year.

Average rents in *inflation-adjusted* dollars in the metro increased or held steady over both the previous quarter for all apartment types. When compared to the same quarter from the previous year one-bedroom and studio apartments saw a rent increase, while two- and three-bedroom apartment types saw rents decrease.

Figure 16: **APARTMENT RENTAL VACANCIES** – Metro area
in percent by apartment type



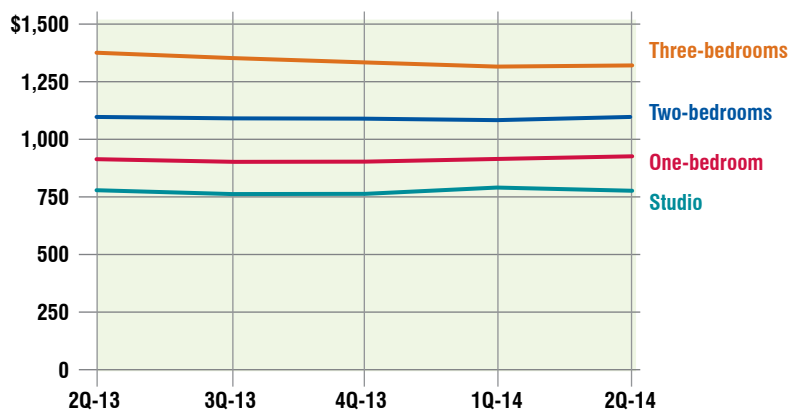
	2Q-13	3Q-13	4Q-13	1Q-14	2Q-14
Studio	2.3%	2.0%	2.0%	3.0%	3.3%
One-bedroom	2.2%	2.2%	2.3%	2.5%	2.6%
Two-bedroom	2.4%	2.8%	2.8%	2.8%	2.6%
Three-bedroom	2.7%	2.5%	2.4%	3.0%	2.3%

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

For metro area definition, see [page 41](#)

Figure 17: **AVERAGE APARTMENT MONTHLY RENT** – Metro area
in inflation-adjusted dollars by apartment type



	2Q-13	3Q-13	4Q-13	1Q-14	2Q-14
Studio	\$ 753	\$ 750	\$ 752	\$ 759	\$ 762
One-bedroom	\$ 874	\$ 873	\$ 874	\$ 875	\$ 882
Two-bedroom	\$ 1,088	\$ 1,083	\$ 1,086	\$ 1,083	\$ 1,086
Three-bedroom	\$ 1,378	\$ 1,374	\$ 1,357	\$ 1,343	\$ 1,343

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multi family rentals are excluded.)

Recorded data for the last month of the quarter

For metro area definition, see [page 41](#)

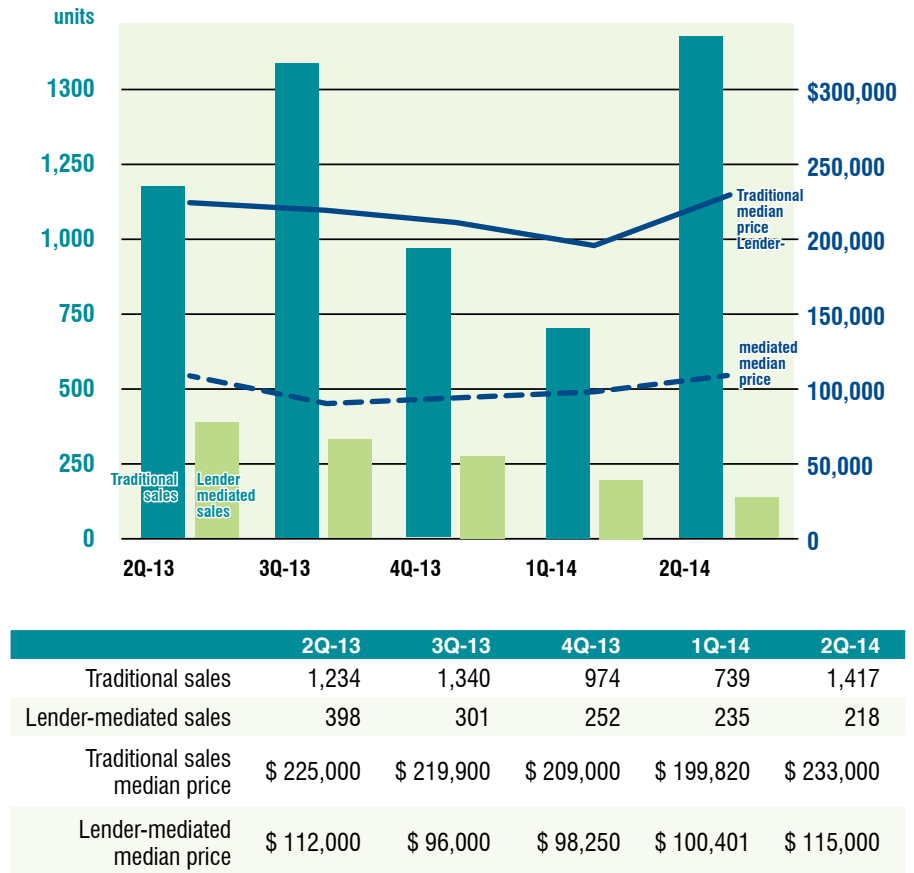
Residential sales

Overall sale of housing units increased from the previous quarter. This included an increase in traditional sales (91.7 percent increase) and a decrease in lender-mediated sales (7.2 percent decrease). Median prices for the quarter increased for both traditional and lender-mediated sales. The median price of traditional sales in Minneapolis (\$233,000) jumped ahead of the regional median sale price (\$224,864) for the first time since the second quarter of 2013.

Over a twelve-month period, the number of traditional housing sales increased by 14.8 percent, while lender-mediated sales decreased by 45.2 percent, continuing to reflect the declining number of distressed properties in the market.

Median sale prices increased for traditional sales (3.6 percent) and for lender-mediated sales (2.7 percent). This quarter lender-mediated sales including foreclosures were 13 percent of all housing sales in the city, while they accounted for 24 percent of sales in the same quarter of the previous year.

Figure 18: **TRADITIONAL AND LENDER-MEDIATED CLOSED SALES AND MEDIAN SALE PRICE— Minneapolis**

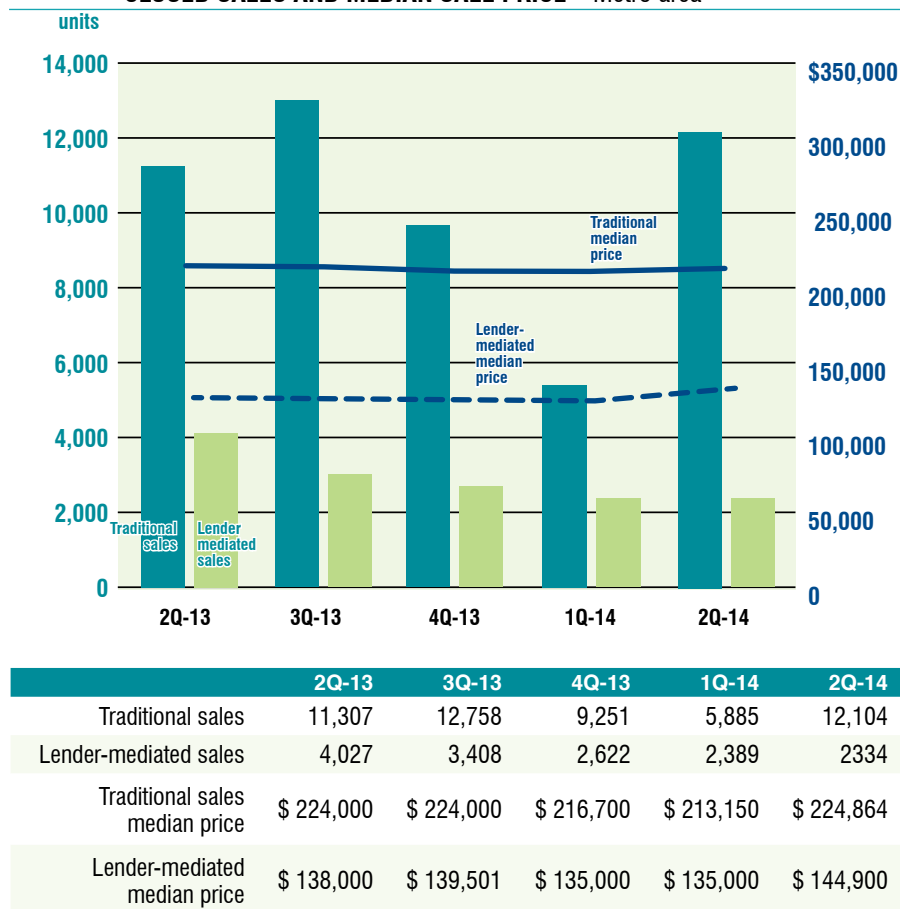


Source: Minneapolis Area Association of Realtors (MAAR)

Residential sales

In the metro area traditional sales were up from the previous quarter by 105.7 percent, while lender-mediated sales declined by 2.3 percent. Median sale prices for traditional sales and lender-mediated sales rose by 5.5 and 7.3 percent respectively.

Figure 19: **TRADITIONAL AND LENDER-MEDIATED CLOSED SALES AND MEDIAN SALE PRICE – Metro area***



Source: *Minneapolis Area Association of Realtors (MAAR)*

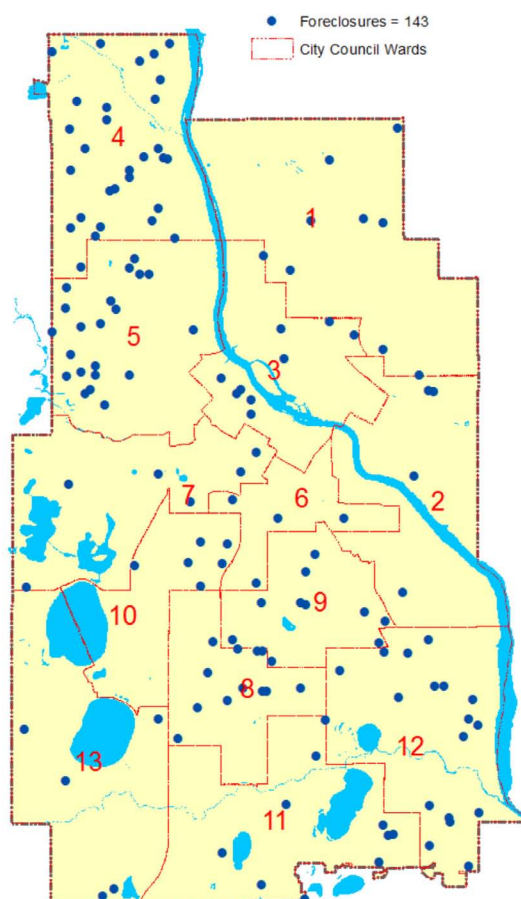
* The metro area in this chart refers to the 13 counties covering Minnesota and Wisconsin served by the Minneapolis Area Association of Realtors.

For metro area definition, see [page 41](#)

Foreclosures

This quarter 143 properties were sold at public auction, 17.3 fewer than the previous quarter, and 33.8 percent fewer than the second quarter of 2013.

MAP 5: PROPERTIES FORECLOSED – 2Q-14
by wards



Source: Hennepin County

Data on foreclosures downloaded as of January 2014. The table and map do not take into account foreclosures recorded after the data was compiled, nor any properties later redeemed by the owner in the 6 month redemption period.

Table 8: FORECLOSURE PROPERTIES – Minneapolis
by ward

Ward	2Q-13		3Q-13		4Q-13		1Q-14		2Q-14	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1	18	8%	21	11%	10	6%	22	13%	8	6%
2	2	1%	2	1%	1	1%	4	2%	4	3%
3	12	6%	7	4%	13	8%	4	2%	10	7%
4	55	25%	50	26%	26	16%	38	22%	29	20%
5	25	12%	11	6%	23	14%	24	14%	22	15%
6	7	3%	10	5%	3	2%	6	3%	4	3%
7	6	3%	15	8%	11	7%	7	4%	6	4%
8	28	13%	14	7%	16	10%	12	7%	12	8%
9	19	9%	16	8%	17	11%	18	10%	10	7%
10	6	3%	10	5%	5	3%	6	3%	6	4%
11	14	6%	7	4%	11	7%	9	5%	9	6%
12	15	7%	25	13%	17	11%	19	11%	18	13%
13	9	4%	7	4%	7	4%	4	2%	5	3%
Total	216	100%	195	100%	160	100%	173	100%	143	100%

Source: Hennepin County Sheriff's Office. The data is subject to revision by the Sheriff's Office; for complete and current foreclosure listings, please see the Hennepin County Sheriff's website at <http://www4.co.hennepin.mn.us/webforeclosure/>

Figure 20: **RESIDENTIAL FORECLOSURES** – Minneapolis
in units



Source: Hennepin County

Data for 2008 have been revised.

Condemned & vacant buildings

The total number of condemned, boarded and vacant buildings in the city decreased from the last quarter to 583, and 7.6 percent lower than at the end of the second quarter of 2013. The number of condemned buildings rose by 3.5 percent compared to the same quarter last year, while the number of vacant but not condemned buildings decreased 16.9 percent. Condemned buildings have been decreasing more or less steadily since third quarter 2008. Many of the buildings have already been demolished due to an aggressive city policy to remove blighted buildings, while saving as many as possible for rehab.

Map 6: **CONDEMNED AND VACANT BUILDINGS**

Source: Minneapolis CPED

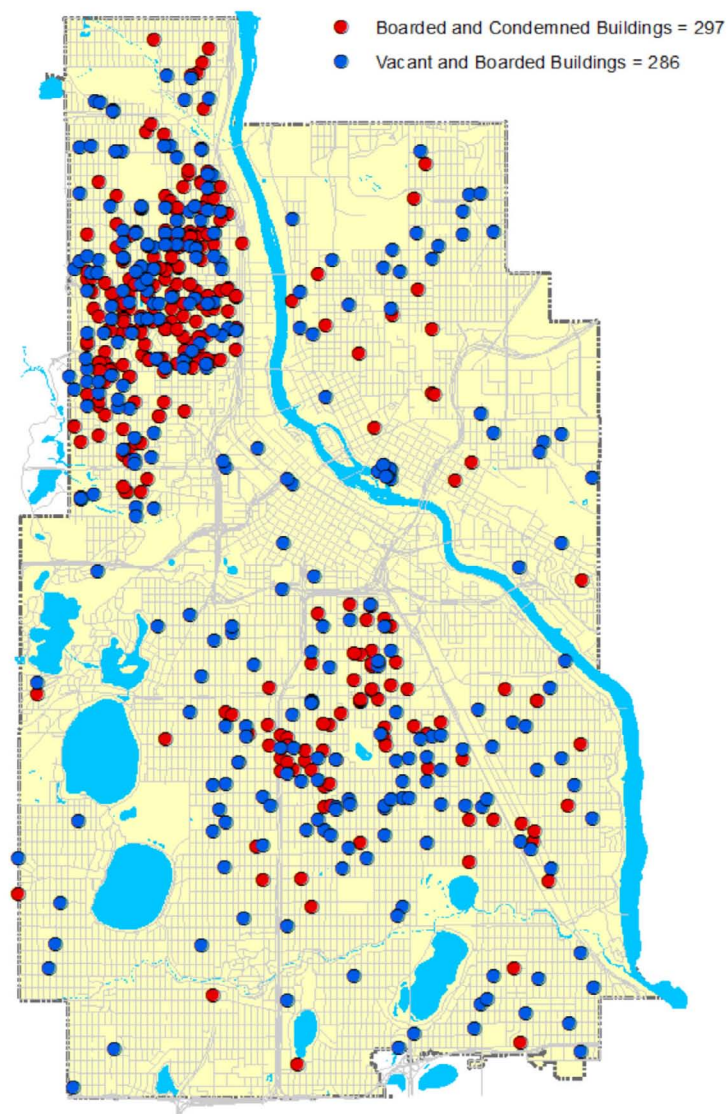


Table 10: **CONDEMNED AND VACANT BUILDINGS** – Minneapolis
as of the end of quarter

	2Q-13	3Q-13	4Q-13	1Q-14	2Q-14
Boarded and condemned buildings	287	285	283	294	297
Vacant but not condemned	344	321	275	293	286
Total	631	606	558	587	583

Source: Minneapolis CPED

Note: About 98 percent of the buildings in the table are residential.

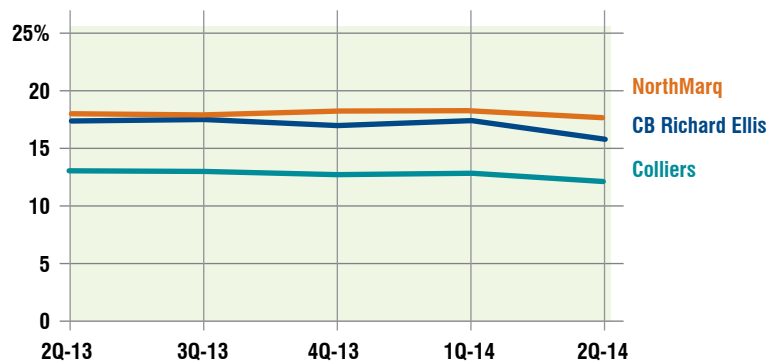
Only buildings that have been registered as vacant with the City of Minneapolis Inspections Division are included. Chapter 249 of City ordinances covers requirements for registering vacant buildings.

Office space

The office vacancy rate was between 12.7 percent and 17.2 percent according to the above real estate firms. Pressure remains highest in the Class A market; there remain larger blocks of vacant space in Class B and C properties.

The reported average direct vacancy rate in the metro area ranged between 14.7 percent and 17.4 percent, according to the above real estate firms. Like the Minneapolis CBD, demand in the office real estate market in the Twin Cities was higher for Class A properties.

Figure 21: **OFFICE SPACE VACANCY RATE – Minneapolis CBD**
in percent

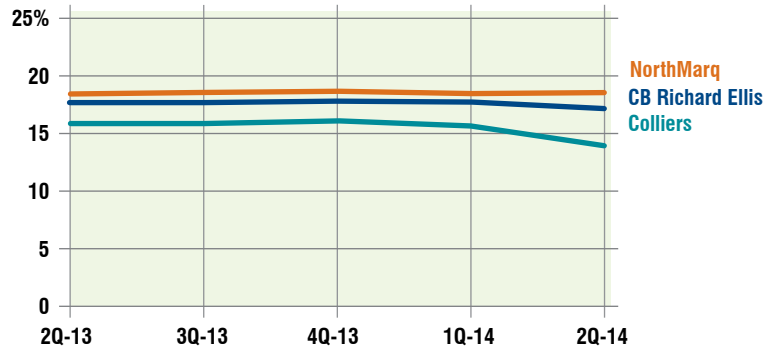


	2Q 13	3Q 13	4Q 13	1Q 14	2Q 14
CB Richard Ellis	16.7%	16.7%	16.3%	16.4%	15.3%
Colliers	14.2%	13.9%	13.9%	13.3%	12.7%
NorthMarq	16.8%	16.8%	17.4%	17.4%	17.2%

Sources: CB Richard Ellis, Colliers and NorthMarq

See explanation of sources on [page 42](#)

Figure 22: **OFFICE SPACE VACANCY RATE – Metro area**
in percent



	2Q 13	3Q 13	4Q 13	1Q 14	2Q 14
CB Richard Ellis	17.0%	17.1%	17.3%	17.3%	16.8%
Colliers	15.4%	15.4%	15.6%	15.3%	14.7%
NorthMarq	17.5%	17.5%	17.4%	17.4%	17.4%

Sources: CB Richard Ellis, Colliers and NorthMarq

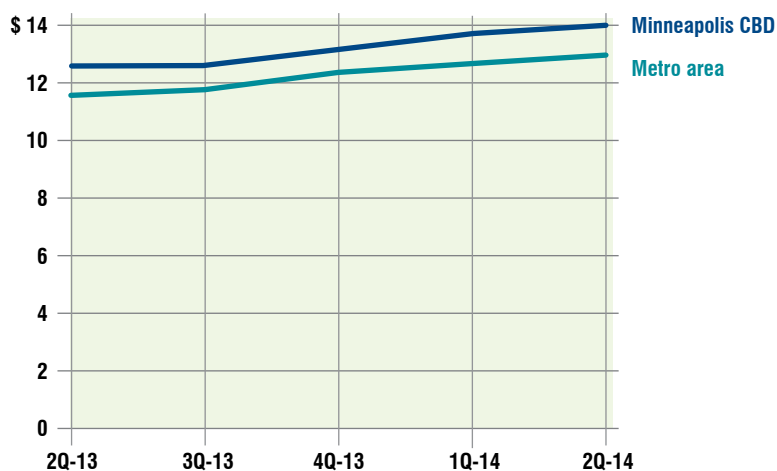
See explanation of sources on [page 42](#)

Office space

The average asking lease rate per square foot in the Minneapolis central business district (CBD) and the metro area continues to rise. The change constitutes an 11.4% rise in asking rent prices for office space in the CBD when compared to the previous year.

Between the third and fourth quarter in both Downtown Minneapolis and the metro area the rate of growth in occupied office space increased. An additional 290,000 square feet of office space was occupied in the Minneapolis CBD when compared to the previous quarter, and an additional 723,000 square feet of office space was occupied in the Minneapolis CBD when compared to the previous year.

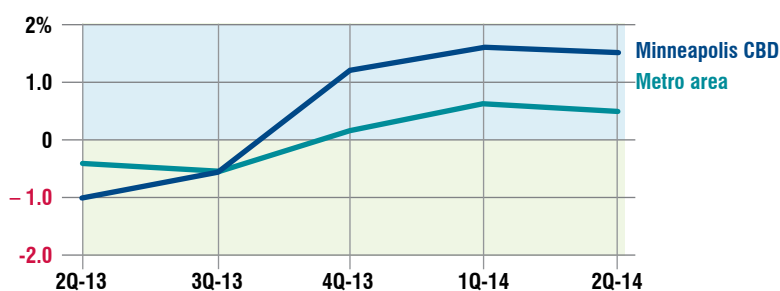
Figure 23: **OFFICE AVERAGE ASKING LEASE PRICE**
in current dollars per square foot per year



Source: CB Richard Ellis

Class A, B and C multi-tenant office buildings 30,000 square feet and larger

Figure 24: **OCCUPIED OFFICE SPACE – rate of growth**
in percent



Source: CB Richard Ellis

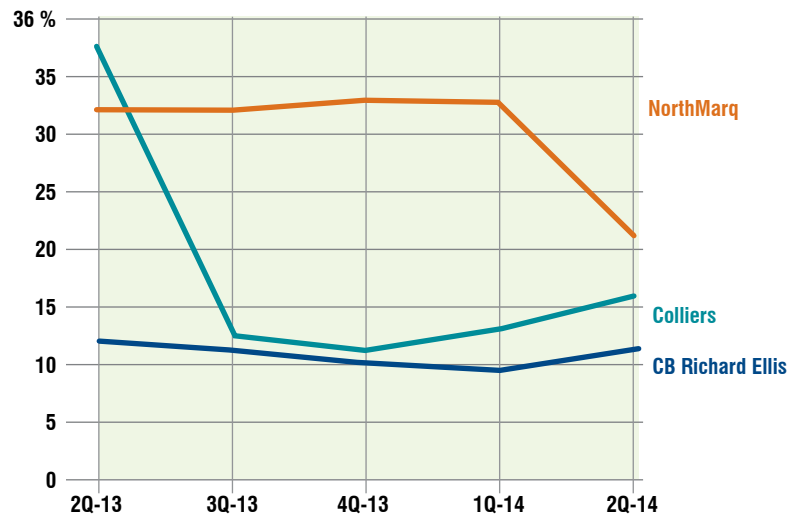
Class A, B and C multi-tenant office buildings 30,000 square feet and larger

Retail space

The reported retail vacancy rate in the Minneapolis CBD ranged between 11.0 and 21.6 percent. Block E and Gaviidae Common were removed from the CBRE reporting in the first quarter of 2013 as the future programming of those spaces are not retail focused. Colliers adjusted their reporting based on similar information in 2013. Note that large variations in the vacancy rate result from the relatively small amount of square feet of retail in the CBD, as well as differences in how the measurements are done.

The metro area vacancy rate this quarter ranged from 6.7 percent to 7.2 percent.

Figure 25: **RETAIL VACANCY RATE – Minneapolis CBD**
in percent

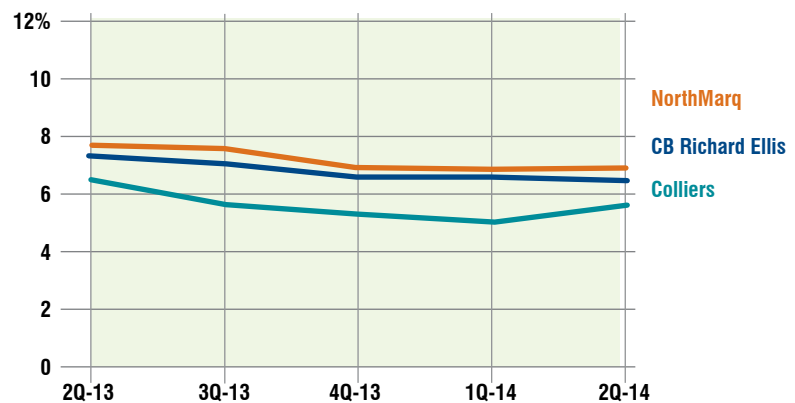


	2Q 13	3Q 13	4Q 13	1Q 14	2Q 14
CB Richard Ellis	12.2%	11.6%	No data	9.9%	11.0%
Colliers	36.1%	13.3%	12.8%	14.4%	15.3%
NorthMarq	33.6%	33.6%	34.1%	34.1%	21.6%

Sources CB Richard Ellis and NorthMarq

Includes all multi-tenant retail buildings 30,000 square feet and larger, including buildings under construction.

Figure 26: **RETAIL VACANCY RATE – Metro area**
in percent



	2Q 13	3Q 13	4Q 13	1Q 14	2Q 14
CB Richard Ellis	7.4%	7.3%	No data	7.0%	6.7%
Colliers	6.2%	5.7%	5.4%	5.2%	5.7%
Northmarq	7.8%	7.8%	7.2%	7.2%	7.2%

Sources: CB Richard Ellis, Colliers and NorthMarq

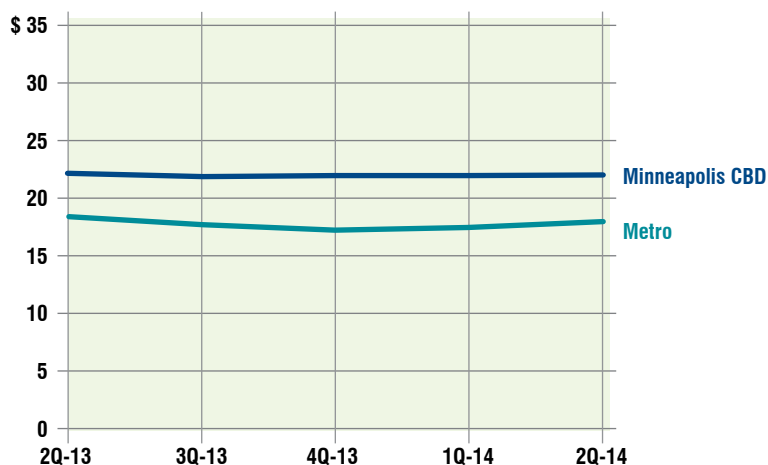
CB Richard Ellis and Colliers include all multi-tenant retail buildings 30,000 square feet and larger, and buildings under construction.

Retail space

Average asking lease price per square foot in the Minneapolis central business district (CBD) held steady since the last available reported numbers and dropped slightly when compared to the same quarter last year.

In the metro area, average asking lease price increased over the most recent available reported numbers, and fell below asking prices from the same quarter in the previous year.

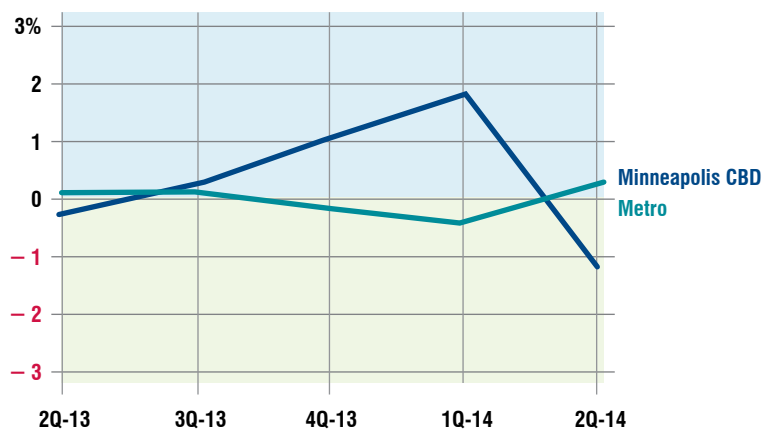
Figure 27: **RETAIL AVERAGE ASKING LEASE PRICE**
in current dollars per square foot per year



Source: CB Richard Ellis

Includes all multi-tenant retail buildings 30,000 square feet and larger, including buildings under construction.

Figure 28: **OCCUPIED RETAIL SPACE – rate of growth**
in percent



Source: CB Richard Ellis

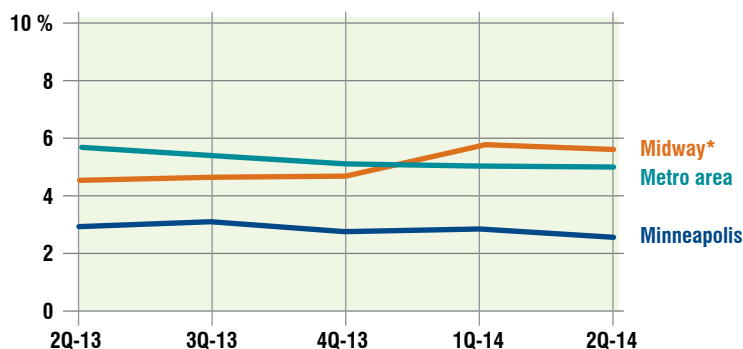
Includes all multi-tenant retail buildings 30,000 square feet and larger, including buildings under construction.

Industrial space

The industrial space total vacancy rate decreased over the previous quarter in both the Minneapolis and the Midway areas, while holding steady in the Metro area overall.

The average asking lease price for industrial space increased in the Midway area, held steady in Minneapolis, and fell in the Metro area overall when compared to the previous quarter. Asking lease rates were up across all geographies when compared to the same quarter from the previous year.

Figure 29: **INDUSTRIAL VACANCY RATE**
in percent



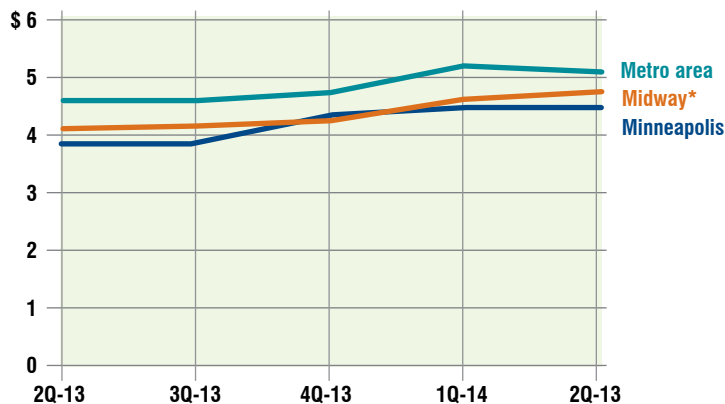
	2Q-13	3Q-13	4Q-13	1Q-14	2Q-14
Minneapolis	3.2%	3.4%	3.0%	3.2%	2.8%
Midway*	4.4%	4.5%	4.6%	5.8%	5.7%
Metro area	5.8%	5.6%	5.2%	5.0%	5.0%

Source: CB Richard Ellis

Includes industrial buildings 100,000 square feet and larger, including buildings under construction. Market consists of bulk warehouses, office warehouses, office showrooms, and manufacturing and specialty buildings.

*Midway industrial area includes parts of Northeast Minneapolis and Saint Paul.

Figure 30: **INDUSTRIAL AVERAGE ASKING LEASE RATE**
in dollars per square foot per year



	2Q-13	3Q-13	4Q-13	1Q-14	2Q-14
Minneapolis	\$3.95	\$3.95	\$4.31	\$4.54	\$4.54
Midway*	\$4.05	\$4.13	\$4.17	\$4.67	\$4.73
Metro area	\$4.57	\$4.55	\$4.73	\$5.10	\$5.03

Source: CB Richard Ellis

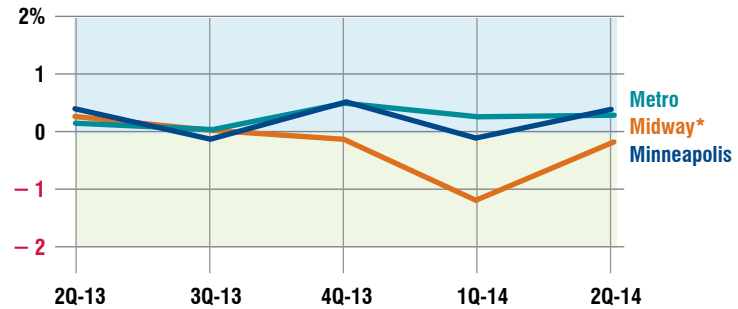
Note: For Midway and Minneapolis, the industrial average asking lease rate is only for warehousing. Includes industrial buildings 100,000 square feet and larger, including buildings under construction.

*Midway includes industrial areas of northeast Minneapolis and Saint Paul.

Industrial space

Industrial absorption rates increased in Minneapolis and the Metro area, while decreasing in the Midway area when compared to the previous quarter.

Figure 31: **OCCUPIED INDUSTRIAL SPACE** – rate of growth in percent



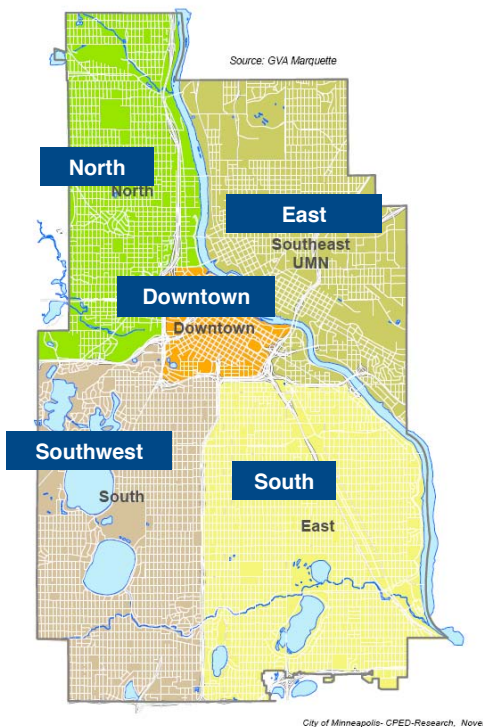
	2Q-13	3Q-13	4Q-13	1Q-14	2Q-14
Minneapolis	0.3%	-0.2%	0.4%	-0.2%	0.2%
Midway*	0.2%	0.1%	-0.1%	-1.3%	-0.3%
Metro area	0.2%	0.3%	0.4%	0.3%	0.3%

Source: CB Richard Ellis

Includes all competitive industrial buildings 100,000 square feet and larger, including buildings under construction. Market consists of bulk warehouses, office warehouses, office showrooms, and manufacturing and specialty buildings.

*Midway includes industrial areas of northeast Minneapolis and Saint Paul.

Definitions & sources



- **Housing Vacancy Rate:** The vacancy rate is the percentage of unoccupied housing units among the total number of housing units. Vacancy rates for the multifamily rental market are calculated quarterly by GVA Marquette Advisors based on a quarterly survey of properties in the Twin Cities metropolitan area.
- **City areas:** For data analysis purposes, GVA Marquette Advisors divides the city into five sub-areas, according to the map below.
Note that we changed the Minneapolis sector names to reflect changes that GVA Marquette made at the City's request. South is now South-west; East is South, and NE, SE and UMN is East. North remains North.
- **Median sale values:** These values are based on home prices researched by the Minneapolis Area Association of Realtors (MAAR).
- **Closed home sales:** These values are based on home sales reported by the Minneapolis Area Association of Realtors (MAAR). Closed sales mean that there is an agreement to sell and steps have been taken toward that end. MAAR makes a difference between **traditional sales** and **lender-mediated sales**. The first type includes all sales that are neither foreclosures nor short sales. These two define the lender-mediated sales.
- **Metro area definition:** The Minneapolis Area Association of Realtors service area includes 12 counties in Minnesota (Chisago, Anoka, Sherburne, Wright, Hennepin, Ramsey, Washington, Dakota, Scott, Carver, Rice and Goodhue) and one county in Wisconsin (St. Croix).
- **Foreclosure sales:** These sales occur when property owners are deprived of the right to keep their properties because of failure to make payments on a mortgage or other contractual property fees, such as condominium association fees, when due. Data on foreclosure sales are reported by the Hennepin County Sheriff to Hennepin County Taxpayer Services Department and later sent to City of Minneapolis CPED Research Division. Hennepin County's methodology is to count all foreclosure Sheriff's sales categories (mortgage, assessments, associations, executions and judgments). Data include only foreclosed properties in the City of Minneapolis that were sold at public option in the specified time period.
- **Boarded and vacant buildings:** A vacant property is a property identified as such by City of Minneapolis inspectors; City Ordinance 249 requires the property's owner to register it as vacant. In addition to being vacant, the property could be condemned as uninhabitable either for being boarded more than 60 days or because of lack of maintenance. Data on boarded and vacant buildings are obtained from the City Department of Regulatory Services.

Real estate statistics as reported by CB Richard Ellis () include office, retail and industrial space vacancy rates, average asking lease price per square foot and absorption of square feet for the Twin Cities metropolitan area, Minneapolis and Midway (industrial space) or Minneapolis central business district (office and retail space). The metro area includes several submarkets and may not coincide with definitions based on jurisdictional boundaries. This quarter Minneapolis Trends also shows office and retail vacancy rates reported by Colliers (), and Cushman & Wakefield-NorthMarq ()

- **Average asking lease rate:** This is determined by multiplying the asking net lease rate for each building by its available space, adding the products, then dividing by the sum of all available space.
- **Average vacancy rate:** This is determined by dividing the number of vacant square feet by the net rentable area.
- **Rate of growth and absorption:** This is the change in occupied square feet from one quarter to the next, determined by subtracting vacant space (not including sublets and shadow space) from the rentable space available.

Variations in reporting are due to differences in definitions and in the number, frequency, and geographical location of buildings included in the surveys. Variations in retail vacancy rates are more evident than in the case of office vacancy but also — and particularly in the case of the Minneapolis CBD — the relatively small amount of retail space compared to the overall metro inventory.

Inflation-adjusted figures: For the purpose of analyzing residential rent, text is based on values converted to constant (*inflation-adjusted*) dollars based on the U.S. Bureau of Labor Statistics' Consumer Price Index (CPI) for housing in the Midwest urban areas category size “class A” (more than 1.5 million people).



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